

**GIB Opportunistic MENA Equity Fund
Open-Ended Mutual Fund
(Managed by GIB Capital)
Financial Statements
For the year ended 31 December 2023
Together with the
Independent Auditor's Report to the Unitholders**

GIB OPPORTUNISTIC MENA EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)

Financial Statements

For the Year ended

Together with the Independent Auditor's Report to the Unitholders

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF GIB OPPORTUNISTIC MENA EQUITY FUND
[MANAGED BY GIB CAPITAL]

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RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the GIB Opportunistic MENA Equity Fund (the "Fund") managed by GIB Capital (the "Fund Manager") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Fund, which comprise of the following:

- ▀ The statement of financial position as at 31 December 2023;
- ▀ The statement of comprehensive income for the year then ended;
- ▀ The statement of Changes in net assets (Equity) attributable to the unitsholders for the year then ended;
- ▀ The statement of cash flows for the year then ended, and;
- ▀ The notes to the financial statements, comprising summary of material accounting policies.

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 code of professional conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Fund's financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the Fund's Term's and conditions 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.

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952



INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF GIB OPPORTUNISTIC MENA EQUITY FUND
[MANAGED BY GIB CAPITAL]

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RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risk 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 by the 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 the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in 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 auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and
- 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.

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Fax +966 13 893 3349 | Al Khobar 31952



PKF

Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF GIB OPPORTUNISTIC MENA EQUITY FUND
[MANAGED BY GIB CAPITAL]

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RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

For Al-Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 18 Ramadan 1445 H
Corresponding to: 28 March 2024 G

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

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Tel. +966 12 652 5333 | P.O Box 15651
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GIB OPPORTUNISTIC MENA EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(Amounts in Saudi Riyals)

	Note	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalent	6	2,457,637	1,848,032
Investments carried at fair value through profit or loss (FVTPL)	7	61,528,448	50,706,477
Advance to purchase investment		2,780,025	-
Accrued Income		2,932	18,344
Prepayments & other receivables		637	470
Total assets		66,769,679	52,573,323
LIABILITIES			
Management fees payable	11	76,209	69,516
Accrued expenses		257,430	180,865
Total liabilities		333,639	250,381
Net assets (Equity) attributable to the Unitholders		66,436,040	52,322,942
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS:			
Class A		-	-
Class B		-	-
Class C		66,436,040	52,322,942
		66,436,040	52,322,942
UNITS IN ISSUE (number):			
	8		
Class A		-	-
Class B		-	-
Class C		2,937,532	2,936,890
		2,937,532	2,936,890
NET ASSETS ATTRIBUTABLE TO EACH UNIT:			
Class A		-	-
Class B		-	-
Class C		22.62	17.82

GIB OPPORTUNISTIC MENA EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Amounts in Saudi Riyals)

	Note	31 December 2023	31 December 2022
<u>Investment income</u>			
Net gain / (loss) from investments carried at FVTPL	9	12,731,720	(90,638)
Dividend Income		1,858,450	1,547,327
		14,590,170	1,456,689
<u>Expenses</u>			
Management fees	11	(287,006)	(286,274)
Custody fees		(22,910)	(23,262)
Other expenses	10	(180,617)	(208,601)
		(490,533)	(518,137)
Net income for the year		14,099,637	938,552
Other comprehensive income for the year		-	-
Total Comprehensive income for the year		14,099,637	938,552

GIB OPPORTUNISTIC MENA EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)

STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS

For the year ended 31 December 2023
(Amounts in Saudi Riyals)

	31 December 2023	31 December 2022
Net assets (Equity) attributable to the Unit holders at the beginning of the year	52,322,942	51,199,390
Total comprehensive income for the year	14,099,637	938,552
Contributions and redemptions by the unitholders		
Issuance of units		
Class A	-	-
Class B	-	-
Class C	20,000	185,000
	20,000	185,000
Redemption of units		
Class A	-	-
Class B	-	-
Class C	(6,539)	-
	(6,539)	-
Net changes from unit transactions	13,461	185,000
Net assets (Equity) attributable to the Unit holders at end of the year	66,436,040	52,322,942

GIB OPPORTUNISTIC MENA EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Amounts in Saudi Riyals)

	Note	31 December 2023	31 December 2022
Cash flows from operating activities:			
Net income for the year		14,099,637	938,552
Adjustments for:			
- Unrealized (gain) / loss on investments carried at FVTPL	9	(4,789,814)	5,494,853
		9,309,823	6,433,405
Net changes in operating assets and liabilities:			
Investments carried at FVTPL		(6,032,157)	(8,411,537)
Advance to purchase investment		(2,780,025)	781,240
Accrued income		15,412	(18,344)
Prepayments & other receivables		(167)	(470)
Management fees payable		6,693	6,440
Accrued expenses		76,565	102,438
Net cash from / (used in) operating activities		596,144	(1,106,828)
Cash flows from financing activities:			
Proceeds from issuance of units		20,000	185,000
Redemptions of the units		(6,539)	-
Net cash from financing activities		13,461	185,000
Net increase / (decrease) in cash and cash equivalents		609,605	(921,828)
Cash and cash equivalents at beginning of the year		1,848,032	2,769,860
Cash and cash equivalents at end of the year	6	2,457,637	1,848,032

GIB OPPORTUNISTIC MENA EQUITY FUND

Open-ended Mutual Fund

(Managed by GIB Capital)

Notes to the financial statements
For the year ended 31 December 2023
(Amounts in Saudi Riyals)

1 FUND AND ITS ACTIVITIES

The GIB Opportunistic MENA Equity Fund ("the Fund") is an open-ended equity fund investing in stocks listed in MENA. Established and managed by GIB Capital ("Fund Manager"), a one-person company incorporated under the laws of the Kingdom of Saudi Arabia, under Commercial Registration No. 1010244294 dated 06/02/1429H. and the CMA's license No. 07078-37.

The fund aims to achieve medium and long term capital growth by investing in stocks listed in MENA.

The units of the Fund are divided into three categories of units A, B and C as follows:

- A. It is the largest institutional and individual investors.
- B. It is a small-investor, institutional and individual investor.
- C. Namely related to the Fund Manager and Gulf International Bank.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares a separate financial statement for the Fund.

The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund's Agreement, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas.

The Fund Manager and administrator of the Fund is GIB Capital. The Custodian of the fund is Albilad Capital.

Date of approval of the Capital Market Authority for the establishment of the fund and the offering of its units: October 17, 2019.

SUBSCRIPTION / REDEMPTION

Subscription / redemption requests are accepted on Sunday and Tuesday. The value of the Fund's portfolio is determined on Monday and Wednesday. The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the net assets (fair value of the Fund's assets minus fund's liabilities) of the Fund by the total number of outstanding units on the following day.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha'ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the "Amended Regulations") on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

GIB OPPORTUNISTIC MENA EQUITY FUND

Open-ended Mutual Fund

(Managed by GIB Capital)

Notes to the financial statements

For the year ended 31 December 2023

(Amounts in Saudi Riyals)

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, using accrual basis of accounting except for the investments carried at fair value through profit or loss at fair value. The Fund presents its statement of financial position in the order of liquidity.

3.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Arabian Riyals (SAR) which is the Fund’s functional and presentation currency.

Transactions and balances

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

3.4 Critical accounting judgments, estimates and assumption

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Going concern

The Fund Manager of the Fund has made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund’s ability to continue as a going concern.

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(Managed by GIB Capital)

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(Amounts in Saudi Riyals)

4 MATERIAL ACCOUNTING POLICIES

4.1 New standards, interpretations and amendments

The accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2022. There are new standards, amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Fund.

There are several other amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. In the opinion of the Fund's Board, these will have no significant impact on the financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective January 1, 2023

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations

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Open-ended Mutual Fund
(Managed by GIB Capital)

Notes to the financial statements
For the year ended 31 December 2023
(Amounts in Saudi Riyals)

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 New standards, interpretations and amendments (continued)

4.1.2 New standards, amendments and revised IFRS issued but not yet effective

The Fund has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification..
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28	Deferred indefinitely	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses result from the loss of control of a subsidiary.
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new standards interpretations and amendments will be adopted in the Fund’s financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Fund in the period of initial application.

GIB OPPORTUNISTIC MENA EQUITY FUND

Open-ended Mutual Fund

(Managed by GIB Capital)

Notes to the financial statements

For the year ended 31 December 2023

(Amounts in Saudi Riyals)

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash placed with the Custodian. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

4.3 Financial instruments

4.3.1 Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

4.3.2 Classification and measurement of financial assets

The Fund classifies its financial assets either as subsequently measured at amortized cost or measured at fair value through profit or loss

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPPI), and that are not designated at FVTPL, are measured at amortized cost.

Fair value through profit or loss (FVTPL): If financial asset's cash flows do not represent solely SPPI or if it not held within the held to collect or the held to collect and sell business model, or then it is measured at FVTPL. A gain or loss on a debt investment measured at FVTPL is recognized in the statement of comprehensive income, within "Net gain / (loss) in investments mandatorily measured at FVTPL", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are not held for trading are presented separately from debt investments that are mandatorily measured at fair value through profit or loss, within "Net gain / (loss) in investments designated at FVTPL". Profit earned from these financial assets is recognized in the statement of comprehensive income using the effective profit rate method.

Business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is internally evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVTPL.

GIB OPPORTUNISTIC MENA EQUITY FUND

Open-ended Mutual Fund

(Managed by GIB Capital)

Notes to the financial statements

For the year ended 31 December 2023

(Amounts in Saudi Riyals)

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Financial instruments (Continued)

4.3.2 Classification and measurement of financial assets (Continued)

Fair value through profit or loss (FVTPL) (Continued)

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

Equity instruments

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

The Fund classifies its financial assets at fair value through profit or loss (FVTPL). The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income (OCI). The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade.

When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the statement of comprehensive income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of comprehensive income when the Fund's right to receive payments is established.

4.3.3 Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial instrument assets carried at amortized cost. The Fund recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

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

GIB OPPORTUNISTIC MENA EQUITY FUND

Open-ended Mutual Fund

(Managed by GIB Capital)

Notes to the financial statements

For the year ended 31 December 2023

(Amounts in Saudi Riyals)

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Financial instruments (continued)

4.3.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized where 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 the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) 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 right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognized 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.

4.3.4 Financial liabilities

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL. The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

4.4 Trade date accounting

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 marketplace.

4.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.6 Accrued expenses

Accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective profit rate method.

4.7 Provision

A provision is recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognized for future operating loss.

GIB OPPORTUNISTIC MENA EQUITY FUND

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For the year ended 31 December 2023

(Amounts in Saudi Riyals)

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.8 Redeemable units

The Fund is open for subscriptions/ redemptions of units on every Monday and Wednesday. The net assets value of the Fund is determined every Monday and Wednesday (each a “Valuation Day”). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the value of net assets (fair value of Fund assets *minus* Fund liabilities) by the total number of outstanding units on the relevant Valuation Day.

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

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

The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

4.9 Zakat / Taxation

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

4.10 Revenue recognition

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

4.11 Net gain or loss on financial assets at Fair Value through Profit or Loss (“FVTPL”)

Net gains or losses on financial assets at FVTPL are changes in the fair value of financial assets held for trading or designated upon initial recognition as at FVTPL and exclude interest and dividend income and expenses.

Unrealized gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior period’s unrealized gains and losses for financial instruments which were realized in the reporting period. Realized 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)

4.12 Dividend income

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

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4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Management fees

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

4.14 Other expenses

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

4.15 Net asset 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.

5 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

The Fund Manager charges the management fees for categories A, B and C at 0.8%, 1.75% and 0.5% per annum respectively of the net asset value of the Fund. The Fund Manager also reimburses the Fund for any other expenses which are paid on behalf of the Fund, such as custodian fees of 0.41% of the net asset value of the Fund, and transaction's fees USD 70 (SR 262.50) as maximum per transaction.

6 CASH AND CASH EQUIVALENT

	<u>Notes</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash in investment account	6.1	2,457,637	1,848,032
		<u>2,457,637</u>	<u>1,848,032</u>

6.1 Cash in investment account are held in investment account with "Al-Bilad Capital" is non-interest-bearing.

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7 INVESTMENTS CARRIED AT FVPL

The Fund invests primarily in equity securities of listed in MENA companies. The market value of trading investment portfolio by sector wise is summarized as follows:

Sectors	31 December 2023	31 December 2022
	Market value	Market value
Saudi Market		
Banks	14,152,147	11,696,344
Materials	6,137,946	6,582,517
Retailing	5,780,606	3,293,964
Consumer Services	4,087,579	2,531,611
Telecommunication Services	1,814,458	-
Insurance	1,767,190	-
Health Care Equipment & Services	1,638,397	864,035
Media & Entertainment	1,435,637	-
Energy	1,291,872	2,669,859
Food & Staples Retailing	1,246,845	1,301,040
Software & Services	1,224,300	826,491
Transportation	723,976	-
Utilities	-	1,644,502
Diversified Financials	-	806,536
Real Estate	-	533,210
	41,300,953	32,750,109
Emirates Market		
Missing Industry group	2,317,687	1,549,481
Real Estate	2,108,711	1,035,197
Energy	1,874,630	983,529
Banks	1,679,243	3,890,185
Materials	1,075,644	1,129,809
	9,055,915	8,588,201
Kuwait Market		
Consumer Services	1,302,063	-
Diversified Financials	-	1,422,559
	1,302,063	1,422,559
Egypt Market		
Consumer Services	-	815,360
	-	815,360
Bahrain Market		
Materials	2,251,579	1,215,153
	2,251,579	1,215,153

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7 INVESTMENTS CARRIED AT FVTPL (CONTINUED)

Sectors	31 December 2023	31 December 2022
	Market value	Market value
Qatar Market		
Banks	4,497,975	2,923,721
Materials	3,119,963	1,943,296
Insurance	-	1,048,078
	<u>7,617,938</u>	<u>5,915,095</u>
Total Market value	61,528,448	50,706,477
Total cost	59,612,533	55,634,323

	2023	2022
Carrying amount as at 1 January	50,706,477	47,789,794
Additions during the year	84,796,333	96,023,567
Sold during the year during the year	(88,564,532)	(94,563,573)
Unrealized gain / (Loss)	4,789,814	(5,494,853)
Realized gain	7,941,906	5,404,216
Dividend income	1,858,450	1,547,327
Carrying amount as at the year end	61,528,448	50,706,477

8 UNIT TRANSACTIONS

Transactions in units for the year are summarized as follows:

	31 December 2023	31 December 2022
	<i>(Units in numbers)</i>	
Units at the beginning of the year	2,936,889.62	2,927,273.74
Units issued during the year		
Class A		-
Class B		-
Class C	974.73	9,615.89
	<u>974.73</u>	<u>9,615.89</u>
Units redeemed during the year		
Class A	-	-
Class B	-	-
Class C	(332.83)	-
	<u>(332.83)</u>	<u>-</u>
Net change in units	641.90	9,615.89
Units at the end of the year	2,937,531.52	2,936,889.62

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9 NET GAINS FROM INVESTMENTS CARRIED AT FVTPL

	31 December 2023	31 December 2022
Realized gains on disposal of investments	7,941,906	5,404,216
Unrealized gain / (Loss) on revaluation of investments	4,789,814	(5,494,853)
	12,731,720	(90,638)

10 OTHER EXPENSES

	31 December 2023	31 December 2022
Board of director's fees	50,001	50,001
VAT expenses	46,808	49,221
Transactions fees	4,560	17,048
Other expenses	79,248	92,331
	180,617	208,601

11 TRANSACTIONS AND BALANCE WITH RELATED PARTY

Related parties of the Fund include "GIB Capital" being the Fund Manager, (GIB Bank being the shareholder of GIB Capital), and Board of Directors.

In the ordinary course of its activities, the Fund transacts business with related parties. All related party transactions are approved by the Fund Board of Director.

The significant related party transactions entered into by the Fund during the year and the balances resulting from such transactions are as follows:

Related Party	Nature of transactions	Amount of transaction during the year		Closing balance (Payable)	
		31 December 2023	31 December 2022	31 December 2023	31 December 2023
GIB Capital	Fund management fees	(287,006)	(286,274)	(76,209)	(69,516)
	Board of Directors Fees	(50,001)	(50,001)	(160,999)	(110,997)
	Accrued VAT*	(43,051)	(42,957)	(11,431)	(10,427)

*Accrued VAT to related party is included in the financial position under Accrued expenses.

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12 FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2023	<u>Amortized cost</u>	<u>FVTPL</u>
Assets as per statement of financial position		
Cash and cash equivalent	2,457,637	-
Investments carried at FVTPL	-	61,528,448
Advance to purchase investments	2,780,025	-
Accrued income	2,932	-
Prepayments & other receivables	637	-
Total	5,241,231	61,528,448

31 December 2022	<u>Amortized cost</u>	<u>FVTPL</u>
Assets as per statement of financial position		
Cash and cash equivalent	1,848,032	-
Investments carried at FVTPL	-	50,706,477
Advance to purchase investments	-	-
Accrued income	18,344	-
Prepayments & other receivables	470	-
Total	1,866,846	50,706,477

All financial liabilities as at 31 December 2023 and 31 December 2022 classified as financial liabilities carried at amortized cost.

13 RISK MANAGEMENT

13.1 Financial risk factors

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

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

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

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

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

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13 RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

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

Fund's financial assets carried at fair value through profit or loss were in the following currencies:

Currency	Country	31 December 2023	
		%	Fair value
SAR	Kingdom of Saudi Arabia	67	41,300,953
AED	United Arab Emirates	15	9,055,915
QAR	Qatar	12	7,617,938
BHD	Bahrain	4	2,251,579
KWD	Kuwait	2	1,302,063
		100	61,528,448

Currency	Country	31 December 2022	
		%	Fair value
SAR	Kingdom of Saudi Arabia	64	32,750,109
AED	United Arab Emirates	16	8,588,201
QAR	Qatar	12	5,915,095
BHD	Bahrain	2	1,215,153
KWD	Kuwait	3	1,422,559
EGP	Egypt	2	815,360
		100	50,706,477

(ii) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, Fund has equity investments.

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13 RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (Continued)

(ii) Price risk (continued)

The effect on the net assets value (as a result of the change in the fair value of investments as from 31 December 2023 to 31 December 2022) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	31 December 2023		31 December 2022	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
<u>Saudi Market</u>				
Banks	1%	141,521	1%	116,963
Materials	1%	61,379	1%	65,825
Retailing	1%	57,806	1%	32,940
Consumer Services	1%	40,876	1%	25,316
Telecommunication Services	1%	18,145	1%	-
Insurance	1%	17,672	1%	-
Health Care Equipment & Services	1%	16,384	1%	8,640
Media & Entertainment	1%	14,356	1%	-
Energy	1%	12,919	1%	26,699
Food & Staples Retailing	1%	12,468	1%	13,010
Software & Services	1%	12,243	1%	8,265
Transportation	1%	7,240	1%	-
Utilities	1%	-	1%	16,445
Diversified Financials	1%	-	1%	8,065
Real Estate	1%	-	1%	5,332
<u>Emirates Market</u>				
Energy	1%	18,746	1%	9,835
Missing Industry Group	1%	23,177	1%	15,495
Real Estate	1%	21,087	1%	10,352
Banks	1%	16,792	1%	38,902
Materials	1%	10,756	1%	11,298
<u>Kuwait Market</u>				
Consumer Services	1%	13,021	1%	-
Diversified Financials	1%	-	1%	14,226
<u>Bahrain Market</u>				
Materials	1%	22,516	1%	12,152
<u>Qatar Market</u>				
Banks	1%	44,980	1%	29,237
Materials	1%	31,200	1%	19,433
Insurance	1%	-	1%	10,481

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13 RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk for its cash and cash equivalent and receivables. Bank balances are deposited in investment account in Al-Bilad Capital which is Bank with good financial rating.

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

	31 December 2023	31 December 2022
Cash and cash equivalent	2,457,637	1,848,032

(c) Liquidity risk

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

The Fund's terms and conditions provide for subscription and redemption of units on every working day, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

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

13.2 Operational risk

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

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders.

13.3 Capital risk Management

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

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14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision of financial instruments carried at amortized cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

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

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity and debt instruments. The Fund does not adjust the quoted price for these instruments.

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 1.

15 SUBSEQUENT EVENTS

As of the approval of these financial statement there are no significant events that needs adjustment to or disclosure in these financial statements.

16 LAST VALUATION DAY

The last valuation day of the year was 31 December 2023G (29 December 2022G).

17 APPROVALS OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund's Board of Directors on 24 March 2024 (corresponding to 14 Ramadan 1445H)