

SICO Capital GCC Dividend Growth Fund

Annual Report 2022

## a. Investment Fund Information

### 1) Name of investment fund.

SICO Capital GCC Dividend Growth Fund

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

The Fund aims to provide dividends and long-term capital appreciation by investing in a portfolio comprising of Shariah-compliant dividend growth stocks, whose dividends have grown over the last two years as a minimum, and are listed in the GCC region. Unit holders shall be entitled to the net returns (Profits) earned by the Fund after deducting all of the Fund's obligations, including fees, expenses and taxes at the end of each year.

### 3) Distribution of income and gain policy

The Fund will distribute profits to the unit holders every six months. On 15 May and 15 November of each year. All investors registered in the fund on the aforementioned dates will have the right to receive dividends. In the event that these dates are not an official business day, the distribution will be on the next working day. The fund manager is left with the option to determine the profits to be distributed based on the income received from the dividends and capital gains. After the dividend is distributed, the value of the unit will decrease by the amount being distributed.

### 4) A statement that the fund's Reports are available upon request free of charge

The Fund's reports are available upon request free of charge and it is available on our website.

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

The Fund's benchmark is the S&P GCC Shariah Composite Index and is published by S&P Global on a daily basis.

## b. Fund Performance

- 1) A comparative table covering the last (3) financial years (or since inception), highlighting:

	2020	2021	2022
a) The fund net assets value at the end of each financial year.	71,005,769	93,591,123	7,862,009
b) The fund net assets value per unit at the end of each financial year.	11.0758	14.5564	16.5459
c) Highest net asset value per unit for each financial year.	11.1453	14.93150	19.1054
c) Lowest net asset value per unit for each financial year.	7.6715	10.98930	14.67
d) The number of units in issue at the end of each financial year.	6,410,918	6,429,530	457,248
e) Income distribution per unit (where applicable).	0.0919	0.20	N/A
f) Expense ratio.	1.77	1.86	2.11
g) Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any).	N/A	N/A	N/A
h) Results of comparing the performance of the benchmark of the fund with performance of the fund.	6.58	3.60	22.07

- 2) A performance record that covers the following:

- a) The total return for 1 year, 3 years and 5 years (and since inception (where applicable)).

Total return	1 year	3 years	5 years	since inception
	13.66%	18.29%	N/A	14.58%

- b) The Annual total return for each of the last 10 financial years (or since inception).

2022	2021	2020	2019	since inception
13.66%	31.43%	10.79%	-0.03%	65.46%

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

Expenses and fees as of December 31, 2022	
Management fee	765,321
Operator fee	26,619
Custody fee	44,366
Audit Charges	25,000
Publication Tadawul fee	5,000
Board of director fee	20,000
shariah board fee	11,616
regulatory fee	7,500
other expenses	211,299

- d) The bases for calculating the performance data and any assumption made must be consistently applied.

The performance data is calculated on NAV/unit basis on each valuation day.

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

There were no material changes during the period that affected the fund's performance.

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

COMPANY Name	DATE OF AGM	Voting Items	Voting decision
Saudi Basic Industries Corp.	10/04/2022	Voting on the auditors' report for the fiscal year ended 31/12/2021.	Yes
		Voting on the financial statements for the fiscal year ended 31/12/2021.	Yes
		Voting on the report of the Board of Directors for the fiscal year ended 31/12/2021.	Yes

		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.	Yes
		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.	Yes
		Voting on the discharge of the members of the Board of Directors for the fiscal year ended 31/12/2021.	Yes
		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 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.	Yes
		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 :1- Mr. Nader Ibrahim Al-Wehibi -2- Mr. Calum Maclean -3- Mr. Salah Mohammad Al-Hareky - 4- Mr. Wilhelmus Jansen- 5- Mr. Stephan Santbrink	Yes
		Voting on the Board of Directors' delegation to distribute quarterly or semi-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.	Yes
Bank Albilad	11/04/2022	Voting on the Board of Directors' report for the fiscal year ending on 31 December 2021.	Yes
		Voting on the external auditors report for the fiscal year ending on 31 December 2021.	Yes
		Voting on the financial statements for the fiscal year ending on 31 December 2021.	Yes
		Voting on appointing the auditors for the Bank from among the candidates based on the Audit Committee's recommendation. The appointed auditors shall examine, review and audit the (second, third) quarter and annual financial statements of the fiscal year 2022, and the first quarter of the fiscal year 2023, and the determination of the auditors' remuneration.	Yes

		Voting on releasing the members of the Board of Directors from their liabilities for the fiscal year ending on 31 December 2021	Yes
		Voting on the Board of Directors recommendation to increase the capital by way of issuing bonus shares as follows:a) Total amount of increase: SAR 2,500 Millionb) Capital before increase: SAR 7,500 Million. Capital after increase: SAR 10,000 Million. Increase percentage: 33.33%c) Number of shares before increase: 750 Million shares. Number of shares after increase: 1,000 Million shares.d) This recommendation aims to enhance the Bank's financial solvency and retain its resources in operational activities.e) The capital increase will be made through the capitalization of SAR 2,500 M from the retained earnings by granting one share for every three shares.f) In the event of stock fractures, the fractions will be grouped into a single portfolio for all shareholders and sold at the market price and then distributed to the shareholders entitled to the grant each according to their share within 30 days of the date of the determination of the shares due to each shareholder. g) In case the Bank's shareholders approved in the extraordinary general assembly on the increase of the capital, the shareholders registered in the Bank's shareholders' register with the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Extraordinary General Assembly meeting, will be eligible for the bonus shares.h) Voting to amend Article No. 7 relating to Capital, of the Articles of Association of the Bank. (Attached)	Yes
		Voting on delegating the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2022.	Yes
		Voting on paying an amount of (SAR 3,520,000) as remuneration to the Board members by (320) thousand riyals for each member for the fiscal year ending on 31 December 2021.	
		Voting on the amendments of the Audit Committee	Yes
		Voting on the election of 11 of board members from	Yes
		Voting on forming the Audit Committee, defining its duties, operating controls, and remuneration for its members for the new term that starts on 17 Apr 2022 for a period of three years ending on 16 Apr 2025, noting that the candidates are (CVs attached):1) Mr. Adeb Mohammed Abanumai2) Mr. Mohammed Farhan bin Nader3) Mr. Abdulaziz Abdullah Alakil	Yes
		Voting on forming the Shariah Committee for the new term that starts on 17 Apr 2022 for a period of three years ending on 16 Apr 2025, noting that the candidates are (CVs attached):1) Dr. Abdullah Musa Al-Amar2) Dr. Muhammad Saud Al-Osaimi3) Dr. Yusuf Abdullah Al-Shubaili	Yes
		Voting on the amendments of the succession policy for members of the Board of Directors and its committees (Attached).	Yes
		Voting on the amendments of the policy of rules and controls for nomination and appointment in the Board of Directors and its committees (Attached).	Yes

		Voting on the amendments of Rules and standards proceeding to BoD member of competing with the Bank or any of its activities (Attached).	Yes
		Voting on delegating to the Board of Directors the authorisation powers of the 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 delegated 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.	Yes
		Voting on the Directors' Report for the financial year ending December 31, 2021.	Yes
		Voting on the Auditor's Report for the financial year ending December 31, 2021.	Yes
		Voting on the Financial Statements for the financial year ending December 31, 2021.	Yes
		Voting on the discharge of the members of the Board of Directors for the financial year ending December 31, 2021.	Yes
		Voting on the Board of Directors' recommendation to distribute cash dividends for the second half of 2021 (amounting to SAR 795,131,052) at 40 halalas per share (SAR 0.40), which represents four percent (4%) of the nominal value per share. Priority and entitlement shall be for shareholders as at the end of the trading session coinciding with the meeting of the Ordinary General Assembly who are registered in Alinma Bank's share registry at the Depository Centre at the end of the second trading day following the due date. The dividend distribution date shall be announced later.	Yes
		Voting on the appointment of an External Auditor for the Bank based on the recommendation of the Audit Committee. The External Auditor shall be responsible for examining and auditing the annual and quarter financial statements for the financial year 2022. Voting shall also include the External Auditor's fees. Yes	Yes
		Voting on the election of members of the Board of Directors for the next session (the fifth session) beginning on May 21, 2022 and ending on May 20, 2025 (a three-year term) (the candidates' CVs attached in Tadawul). If the voting results do not enable the Bank to appoint the minimum number of the Board's independent members as per regulatory requirements, then the independent members shall replace the non-independent members, depending on the number of votes received by each member.	Yes



		Voting on the composition, functions, work controls and remunerations of the Audit Committee for the next session (the fifth session), beginning on May 21, 2022 and ending on May 20, 2025 (a three-year term) (the candidates' CVs attached in Tadawul). Candidates include: A) Dr. Saad Saleh AlRwita (Independent Member) B) Mr. Abdulrahman Mohammed Ramzi Addas (Independent Member) C) Mr. Maher Saad AlAiyadhi (Independent Member)	Yes
		Voting on the payment of SAR 6,894,800 to members of the Board of Directors for the fiscal year ending December 31, 2021.	Yes
		Voting on the amendments to be incorporated into the Audit Committee Charter (attached in Tadawul) .	Yes
		Voting on the amendments to be incorporated into the Nomination and Remuneration Committee Charter (attached in Tadawul)	Yes
		Voting on authorizing the Board of Directors to distribute interim dividends semi-annually for the fiscal year 2022, to set the due/distribution date in accordance with regulatory controls and procedures issued in implementation of the Companies Law.	Yes
		Voting on authorizing the Board of Directors with the authority of the ordinary General Assembly provided for in paragraph (1), Article (71) of the Companies Law for a period of one (1) year from the date of approval by the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier. Such authorization shall be made in accordance with the conditions stipulated in the regulatory controls and procedures issued in implementation of the Companies Law related to listed joint-stock companies.	Yes
		Voting on the participation of board member Mr. Mutlaq bin Hamad Al-Morished in a competing business of a subsidiary company of the bank. (attached in Tadawul) Yes	Yes
		Voting on transactions and contracts to be concluded between Alinma Bank and Alinma Tokyo Marine Co., in which Mr. Abdel Mohsen Ben Abdel Aziz Al-Fares (a member of the Board of Directors of Alinma Bank) has an indirect interest, namely, the issuance and renewal of insurance policies for the Bank for one (1) year without preferential conditions. The Bank owns 28.75% of the shares in Alinma Tokyo Marine. Transactions and contracts concluded between the parties in 2021	Yes
Al Rajhi Bank	08/05/2022	Voting on the Board of Directors report for the fiscal year ended 31st December 2021.	Abstain
		Voting on the Bank's financial statements for the fiscal year ended 31st December 2021.	Abstain
		Voting on the Bank's Auditor report for the fiscal year ended 31st December 2021.	Abstain
		Voting on releasing the Board of Directors Members from their liabilities for the fiscal year ended 31st December 2021.	Abstain



		Voting on the Board resolution dated 29/06/2021 regarding distribution of dividends to shareholders for the first half of the fiscal year ended 31st December 2021 at SAR (1.40) per share, representing (14%) of the share face value.	Abstain
		Voting on the Board recommendation to increase the Bank's capital by granting bonus shares as follows: A) Total amount of increase: SAR 15,000 MM. B) Capital before increase: SAR 25,000 MM. Capital after increase: SAR 40,000 MM. Increase Percentage: 60%. C) Number of Shares before Increase: 2,500 MM. Number of Shares after Increase: 4,000 MM.D) This recommendation aims to enhance the Bank's funding to achieve strong growth rates at the next years. E) The increase will be made through capitalization of SAR 15,000 MM from Retained Earnings account by granting 3 shares for each 5 shares. F) In case of shares fractions, the Bank will collect all fractions in one portfolio to be sold at market price; then their value to be distributed to eligible shareholders as per their share within a period not exceeds 30 days from the allocation of new shares to each shareholder. In case of capital increase is approved by the Bank shareholders during the Extraordinary General Assembly meeting, the eligibility of bonus shares shall be for shareholders owning shares at the end of the trading day of the Bank's General Assembly meeting and are registered in the Bank's Shareholders Registry at the Securities Depository Center (Edaa) at the end of the second trading day after the Extraordinary General Assembly meeting.	Abstain
		Voting on amending Article No. (3) of ARB AoA related to Company Objectives. ( attached)	Abstain
		Voting on amending Article No. (6) of ARB AoA related to capital increase, if the Extraordinary General Assembly approved item No. (6). ( attached)	Abstain
		Voting on amending Article No. (10) of ARB AoA related to Register of Shareholders.( attached)	Abstain
		Voting on amending Article No. (11) of ARB AoA related to Preferred Shares. ( attached)	Abstain
		Voting on amending Article No. (17) of ARB AoA related to Executive Committee. ( attached)	Abstain
		Voting on amending Article No. (14) of ARB AoA related to Management of the Company. ( attached)	Abstain
		Voting on amending Article No. (15) of ARB AoA related to Termination of Board Membership. ( attached)	Abstain
		Voting on amending Article No. (16) of ARB AoA related to Powers of the Board. ( attached)	Abstain
		Voting on amending Article No. (19) of ARB AoA related to Powers of Chairman, Deputy Chairman and Secretary of the Board. ( attached)	Abstain
		Voting on amending Article No. (21) of ARB AoA related to Powers of the Managing Director. ( attached)	Abstain

		Voting on amending Article No. (22) of ARB AoA related to Composition of BACC. ( attached)	Abstain
		Voting on amending Article No. (31) of ARB AoA related to Calling for Assemblies Meeting. ( attached)	Abstain
		Voting on amending Article No. (39) of ARB AoA related to Auditor Appointment. ( attached)	Abstain
		Voting on amending Article No. (41) of ARB AoA related to Auditor Reports. ( attached)	Abstain
		Voting on amending Article No. (43) of ARB AoA related to Financial Documents. ( attached)	Abstain
		Voting on amending Article No. (44) of ARB AoA related to Dividend Distribution. ( attached)	Abstain
		Voting on the delegation of the Board of Directors to distribute interim cash dividend on semi-annually or quarterly basis for the fiscal year 2022.	Abstain
		Voting on amending Board Audit & Compliance Committee charter. ( attached)	Abstain
		Voting on the appointment of the Bank's external auditors, from among nominees, as per the Board nomination based on Audit Committee recommendation, to examine, review and audit the primary financial statements for the first, second and third quarter financial statements and annual financial statements for the fiscal year 2022, and to approve their fees.	Abstain
		Voting on the payment of SAR (5,130,000) as remunerations and compensations to the Members of the Board of Directors and its Committees for the period from 1st January 2021 to 31st December 2021.	Abstain
		Voting on the payment of SAR (818,494) as remunerations and compensations to the Members of the Board Audit & Compliance Committee for the period from 1st January 2021 to 31st December 2021.	Abstain
		Voting on amending Board Nominations and Compensations charter. ( attached)	Abstain
		Voting on delegating the Ordinary General Assembly authorization powers stipulated in Paragraph (1) of Article (71) of the Companies Law to the Bank's Board of Directors, for a maximum period of one year from the date of approval by the General Assembly to delegate its powers, or until the end of the term of the delegated Board of Directors, whichever is earlier, in accordance with the conditions contained in the Regulatory Rules and Procedures related to Listed Joint Stock Companies which issued pursuant to the Companies Law.	Abstain

		Voting on the business and contracts concluded between the Bank and Al Rajhi Company for Cooperative Insurance, in which the Chairman of the Board of Directors Mr. Abdullah bin Sulaiman Al Rajhi has an indirect interest, being the Chairman of the Company's Board of Directors, and to authorize the same for the upcoming year. The transactions contain a contract of Fire and Allied Perils Policy - Mortgage Insurance, at arm's length basis, for a period of one year with a value of SAR 11,149,000 for 2021. ( attached)	Abstain
		Voting on the business and contracts concluded between the Bank and Al Rajhi Company for Cooperative Insurance, in which the Chairman of the Board of Directors Mr. Abdullah bin Sulaiman Al Rajhi has an indirect interest, being the Chairman of the Company's Board of Directors, and to authorize the same for the upcoming year. The transactions contain a contract of Bankers Blanket Bond "BBB", at arm's length basis, for a period of one year with a value of SAR 9,509,000 for 2021. ( attached)	Abstain
		Voting on the business and contracts concluded between the Bank and Al Rajhi Company for Cooperative Insurance, in which the Chairman of the Board of Directors Mr. Abdullah bin Sulaiman Al Rajhi has an indirect interest, being the Chairman of the Company's Board of Directors, and to authorize the same for the upcoming year. The transactions contain a contract of Directors and Officers Policy, at arm's length basis, for a period of one year with a value of SAR 3,182,000 for 2021. ( attached)	Abstain
		Voting on the business and contracts concluded between the Bank and Al Rajhi Company for Cooperative Insurance, in which the Chairman of the Board of Directors Mr. Abdullah bin Sulaiman Al Rajhi has an indirect interest, being the Chairman of the Company's Board of Directors, and to authorize the same for the upcoming year. The transactions contain a contract of Properties All Risk Policy, at arm's length basis, for a period of one year with a value of SAR 3,194,000 for 2021. ( attached)	Abstain
		Voting on the business and contracts concluded between the Bank and Al Rajhi Company for Cooperative Insurance, in which the Chairman of the Board of Directors Mr. Abdullah bin Sulaiman Al Rajhi has an indirect interest, being the Chairman of the Company's Board of Directors, and to authorize the same for the upcoming year. The transactions contain a contract of Motor Insurance Agreement, at arm's length basis, for a period of one year with a value of SAR 509,261,000 for 2021. ( attached)	Abstain
		Voting on the business and contracts concluded between the Bank and Al Rajhi Company for Cooperative Insurance, in which the Chairman of the Board of Directors Mr. Abdullah bin Sulaiman Al Rajhi has an indirect interest, being the Chairman of the Company's Board of Directors, and to authorize the same for the upcoming year. The transactions contain a contract of Group Credit Takaful Policy - Mortgage Insurance, at arm's length basis, for a period of one year with a value of SAR 172,885,000 for 2021. ( attached)	Abstain

Jarir Marketing Co.	10/05/2022	To vote on the Board of Directors' report for the fiscal year ending 12/31/2021.	Abstain
		To vote on the company's auditor's report for the fiscal year ending 12/31/2021.	Abstain
		To vote on disburse an amount (2,650,000) two million six hundred and fifty thousand riyals as an annual bonus for	Abstain
		To vote on release Board of Directors members from liability for the fiscal year ending 31/12/2021.	Abstain
		To vote on the amendment of Article Three (the objectives of the company) of the company's articles of	Abstain
		To vote on the amendment of Article Twenty-first (the powers of the chairman, his deputy, managing director	Abstain
		To vote on the amendment of Article 45 (Earnings of Profits) of the Company's Articles of Association	Abstain
		To vote on authorizing the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2022.	Abstain
		To vote on the business and contracts that will be done between the company and Kite Arabia, which is for Mr. Mohammed Abdurrahman Al-Agil , Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a work of implementation, designs and technical consultations, noting that the value of transactions in the year 2021 amounted to (36,494,512) riyals, knowing that these transactions It is carried out on commercial bases without preferential terms (attached).	Abstain
		To vote on the business and contracts that will be done between the company and Jarir Real Estate Company,	Abstain
		To vote on the business and contracts that will be done between the company and Kite Arabia, which is for Mr. Mohammed Abdurrahman Al-Agil , and Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a contract for renting an office in the Jarir building in Riyadh, noting that the value of transactions in 2021 amounted to (196,020) riyals, knowing that these transactions It is carried out on commercial bases without preferential terms (attached).	Abstain
		To vote on the business and contracts that will be done between the company and Jarir Commercial Investments Company, which is for Mr. Mohammed Abdurrahman Al-Agil , Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, And Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a contract for renting an office in the Jarir building in Riyadh, noting that the value of transactions in the year 2021 amounted to (444,840) riyals, knowing that these transactions are based on commercial bases without Preferential terms (attached).	Abstain

		To vote on the business and contracts that will be done between the company and Jarir Commercial Investments Company, which is for Mr. Mohammed Abdurrahman Al-Agil , and Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, And Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a contract for renting an office in the Jarir building in Riyadh, noting that the value of transactions in 2021 amounted to (145,860) riyals, knowing that these transactions are based on the basis of Commercial without preferential terms (attached).	Abstain
		To vote on the business and contracts that will be done between the company and Amwaj AL-Dhahran Company Ltd., which is for Mr. Mohammed Abdurrahman Al-Agil (a non-executive member), and Mr. Abdullah Abdurrahman Al-Agil, and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a lease contract for showroom of Jarir Bookstore in Dhahran, noting that the value of transactions in 2021 amounted to (1,653,750) riyals, knowing that these transactions are based on the basis of Commercial without preferential terms (attached).	Abstain
		To vote on the business and contracts that will be done between the company and Aswaq Almustaqbil Trading Company Ltd., which is for Mr. Mohammed Abdurrahman Al-Agil , Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a lease contract for showroom of Jarir Bookstore in Riyadh, noting that the value of transactions in 2021 amounted to (2,556,696) riyals, knowing that these transactions are based on the basis of Commercial without preferential terms (attached).	Abstain
		To vote on the business and contracts concluded between the company and Jarir Real Estate Company, which belong to Mr. Mohammed bin Abdul Rahman Al-Agil , Mr. Abdullah bin Abdul-Rahman Al-Agil , Engineer Nasser bin Abdul Rahman Al-Agil, and Mr. Abdul Karim bin Abdul Rahman Al-Agil , an indirect interest in it, which is a contract to sell the plot of land owned by the company and located in Al-Yasmeen district in Riyadh, noting that the sale value is (97,925,699) riyals, knowing that these transactions are based on commercial bases without Preferential terms (attached).	Abstain
		To vote on the business and contracts that will be done between the company and Rubeen Al Arabia Company, which is for Mr. Mohammed Abdurrahman Al-Agil , and Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil , has an indirect interest in it, which is a lease contract for showroom of Jarir Bookstore in Riyadh, noting that the value of transactions in 2021 amounted to (2,368,800) riyals, knowing that these transactions are based on commercial bases without Preferential terms (attached).	Abstain

		To vote on the business and contracts that have been that will be done between the company and the company Reuf Tabuk Ltd., which is for Mr. Mohammed Abdurrahman Al-Agil , Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a lease contract for showroom of Jarir Bookstore in Tabuk, noting that the value of transactions in 2021 amounted to (1,803,600) riyals, knowing that these transactions are based on commercial bases without Preferential terms (attached).	Abstain
		To vote on the business and contracts that have been that will be done between the company and the company Reuf Tabuk Ltd., which is for Mr. Mohammed Abdurrahman Al-Agil , Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a lease contract for showroom of Jarir Bookstore in Tabuk, noting that the value of transactions in 2021 amounted to (1,803,600) riyals, knowing that these transactions are based on commercial bases without Preferential terms (attached).	Abstain
		To vote on the business and contracts that have been that will be done between the company and Sehat Al Sharq Medical Company Ltd., which is for Mr. Mohammed Abdurrahman Al-Agil , Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a rental contract for a residential building in Al-Khobar, noting that the value of transactions in 2021 amounted to (8,000,000) riyals, knowing that these transactions are based on commercial bases without Preferential terms (attached).	Abstain
		To vote on the business and contracts that will be done between the company and Rubeen Al Arabia Company, which is for Mr. Mohammed Abdurrahman Al-Agil , Mr. Abdullah Abdurrahman Al-Agil , and Eng. Nasser Abdurrahman Al-Agil, and Mr. Abdul Karim Abdurrahman Al-Agil has an indirect interest in it, which is a contract to provide management, operation and maintenance services (not including services related to leasing) for Rubeen Plaza commercial complex in Riyadh, noting that the value of transactions in 2021 amounted to (783,800) riyals, knowing that these transactions are based on commercial bases without Preferential terms (attached).	Abstain
ACWA POWER Co.	30/06/2022	Voting on the auditor's report for Company's accounts for the fiscal year ending on 31/12/2021G.	Abstain
		Voting on the Board of Directors report for the fiscal year ending on 31/12/2021G.	Abstain
		Voting on the financial statements for the fiscal year ending on 31/12/2021G.	Abstain

		Voting on the Board's recommendations to distribute dividends amounting to SAR 562,946,791 to the shareholders for financial period of 31/12/2021 at (SAR 0,77) per share representing 7,7% of the nominal value per share. Provided that the entitlement to dividends is for shareholders holding the shares by the end of the trading day of the assembly date, and who are registered in the Company's shareholders registry held with the Securities Depository Center Company (Edaa) at the end of the second trading day following the entitlement date, and provided that the distribution of dividends begins on Thursday 21/07/2022G.	Abstain
		Voting to approve the delegation to the Board of Directors to distribute interim dividends on a semi or quarterly annual basis for the fiscal year ending on 31/12/2022G 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.	Abstain
		Voting on the discharge of the members of the Board of Directors for the fiscal year ending on 31/12/2021G.	Abstain
		Voting on delegating to the Board of Directors the authorisation powers of the 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.	Abstain
		Voting on the business and contracts concluded between the Company and Saudi Arabian British Bank ("SABB"), in which former Board member Mr. Raid Ismail has an indirect interest. These businesses and contracts are appointing SABB as one of the main investors in ACWA POWER Sukuk for a period of 7 years, at an amount of SAR 300,000,000, There are no preferential terms in these Businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the Company and Saudi Arabian British Bank ("SABB"), in which former Board member Mr. Raid Ismail has an indirect interest. These businesses and contracts provide an Equity Bridge Loan for a period of 7 years for Shuaiba 3 IWP to support project capital in the amount of SAR 506,250,000. There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the Company and Saudi Arabian British Bank ("SABB"), in which former Board member Mr. Raid Ismail has an indirect interest. These businesses and contracts provide LRA LC, renewed every 6 months for Shuaiba Expansion project to support the project for SAR 34,632,750 as of 31 December 2021. There are no preferential terms in these Businesses and contracts. (Attached)	Abstain



	<p>Voting on the business and contracts concluded between the Company and Saudi Arabian British Bank ("SABB"), in which former Board member Mr. Raid Ismail has an indirect interest. These businesses and contracts provide Equity LC, renewable every year for Red Stone CSP in South Africa to support the project capital at an amount of SAR 263,320,689 as of 31 December 2021. There are no preferential terms in these Businesses and contracts. (Attached)</p>	Abstain
	<p>Voting on the business and contracts concluded between the Company and Riyadh Bank, in which former Board member His Excellency Mr. Mohammed Al Nahhas has an indirect interest. These businesses and contracts are appointing Riyadh Bank as one of the investors in ACWA POWER Sukuk for a period of 7 years, at an amount of SAR 30,000,000. There are no preferential terms in these businesses and contracts. (Attached)</p>	Abstain
	<p>Voting on the business and contracts concluded between the Company and Riyadh Bank, in which former Board member His Excellency Mr. Mohammed Alnahas has an indirect interest. These businesses and contracts provide Local Content Bond for a period of 39 months for REPDO 2 to satisfy local content requirement with an amount of SAR 47,812,500 as of 31 December 2021. There are no preferential terms in these businesses and contracts. (Attached)</p>	Abstain
	<p>Voting on the business and contracts concluded between the Company and Riyadh Bank, in which former Board member His Excellency Mr. Mohammed Al Nahhas has an indirect interest. These businesses and contracts provide Equity LC for a period of 36 months for Sirdarya CCGT 1 in Uzbekistan to support the project capital with an amount of SAR 21,442,763 as of 31 December 2021. There are no preferential terms in these businesses and contracts. (Attached)</p>	Abstain
	<p>Voting on the business and contracts concluded between the Company and Riyadh Bank, in which former Board member His Excellency Mr. Mohammed Alnahas has an indirect interest. These businesses and contracts provide DSRA LC for a period of 39 months for Sirdarya CCGT 1 in Uzbekistan to support the project with an amount of SAR 178,278,139 as of 31 December 2021. There are no preferential terms in these businesses and contracts. (Attached)</p>	Abstain
	<p>Voting on the business and contracts concluded between the Company and Saudi National Bank SNB, in which Board member Mr. Abdullah Al Rowais has an indirect interest. These businesses and contracts provide a Development Security Facility for 46 months for Sudair IPP to support development of the project with an amount of SAR 106,192,998. There are no preferential terms in these businesses and contracts. (Attached)</p>	Abstain

		Voting on the business and contracts concluded between the Company and Riyadh Bank, in which former Board member His Excellency Mr. Mohammed Al Nahhas has an indirect interest. These businesses and contracts provide a Hedging Guarantee for a period of 3 years for Sudair IPP. The Mark-to-Market value as of 31 December 2021 was Zero SAR. There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the Company and Riyadh Bank, in which former Board member His Excellency Mr. Mohammed Al Nahhas has an indirect interest. These businesses and contracts provide Bid Guarantee (Bid Bond) for period of 8 months for Sirdarya CCGT 2 in Uzbekistan to support bidding for the project with an amount of SAR 37,500,000 as of 31 December 2021. There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the Company and Riyadh Bank, in which former Board member His Excellency Mr. Mohammed Al Nahhas has an indirect interest. These businesses and contracts provide Bid Guarantee (Bid Bond) for a period of 14 months for Nukus Wind in Uzbekistan to support bidding for the project with an amount of SAR 5,625,000 as of 31 December 2021. There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (Arabian Qudra), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (Purchase Order with no special conditions for one time for a maintenance work to fulfil the demand of Project Companies) and in the amount of (SAR 26,150). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between one of the Company affiliates and Saudi Tabreed, in which Chairman of the Board of Directors Mr. Mohammed Abunayyan Board member Mr. Omar Almidani and Former Board Members Mr. Suliman Al Muhaidib and Mr. Rasheed Al Rasheed have an indirect interest. These businesses and contracts are represented by the entry of Saudi Tabreed as a partner investing 15% in the red Sea Project Utility Assets and Infrastructure PPP, with a value of SAR 151,370,643.56. There are no preferential terms in these businesses and contracts. (Attached)	Abstain

		Voting on the business and contracts concluded and that will be concluded between the Company and Burj Rafal Real-estate Development company, in which Chairman of the Board of Directors Mr. Mohammed Abunayyan has an indirect interest. These businesses and contracts are represented by fees of utility services for one of company's residential property, with value of SAR 9,799 for six months, noting this is an ongoing fees with an estimated monthly value of SAR 2,000. There are no preferential terms in these Businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (KSB Pumps Arabia), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (Purchase Orders with no special conditions for one time to supply the required spare parts to fulfil the demand of Project Companies) and in the amount of (SAR 93,900). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (KSB Pumps Arabia), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (Purchase Orders with no special conditions for one time to supply the required spare parts to fulfil the demand of Project Companies) and in the amount of (SAR 1,590). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (KSB Pumps Arabia), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (Purchase Orders with no special conditions for one time to supply the required spare parts to fulfil the demand of Project Companies) and in the amount of (SAR 120,800). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (Abunayyan Trading Company), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (One time Purchase Order with no special conditions to supply the required spare parts to fulfil the demand of Project Companies.) and in the amount of (SAR 84,715). There are no preferential terms in these businesses and contracts. (Attached)	Abstain

		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (Toray Membrane Middle East LLC), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (Purchase Order with no special conditions for one time for the membranes supply to fulfil the demand of Project Companies) and in the amount of (SAR 3,472,000). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (Abunayyan Trading Company), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (A purchase order under an approved Rate Agreement for one year for the Cartledge Filter supplies to fulfil the demand of Project Companies) and in the amount of (SAR 471,200). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (Toray Membrane Middle East LLC), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (A purchase order under an approved Rate Agreement for three years for the membranes supply to fulfil the demand of Project Companies) and in the amount of (SAR 13,455,600). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (Toray Membrane Middle East LLC), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (A purchase order under an approved Rate Agreement for three years for the membranes supply to fulfil the demand of Project Companies) and in the amount of (SAR 13,455,600). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the business and contracts concluded and that will be concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (Toray Membrane Middle East LLC), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (None committed fixed rate agreement for 3 years for the membranes supply to fulfil the demand of Project Companies,) the estimated cost up to (SAR 60,000,000). There are no preferential terms in these businesses and contracts. (Attached)	Abstain

		Voting on the business and contracts that will be concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (KSB Pumps Arabia), in which Chairman of the Board of Directors (Mr. Mohammad Abdullah Abunayyan) has an (indirect) interest. These businesses and contracts are (One time Purchase Order for 1 year with no special conditions to supply the required spare parts to fulfil the demand of Project Companies.) and in the amount of (SAR 966,920). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the participation of the Board member Suntharesan Padmanathan in a business competing with the Company's business as he will be a board member and founding shareholder Zhero company which engages in a similar activity of the Company. (Attached)	Abstain
		Voting on the business and contracts that will be concluded between the First National Operations and Maintenance Company ("NOMAC") – affiliate of ACWA POWER- and (Saudi Tabreed Operations & Maintenance Company (STOM)), in which the Chairman of the Board of Directors Mr. Mohammad Abunayyan, Board member Mr. Omar Almidani and former Board members Sulaiman Al Muhaidib and Mr. Rasheed AlRasheed has an (indirect) interest. These businesses and contracts are (O&M services for two District Cooling Systems of the Red Sea projects) and in the amount of (SAR 30,141,562.80). There are no preferential terms in these businesses and contracts. (Attached)	Abstain
		Voting on the participation of the Board member Suntharesan Padmanathan in a business competing with the Company's business as he is a board member and founding shareholder of X-links company which engages in similar activity of the Company. (Attached)	Abstain

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

e) Names of Fund Board members, and indicating membership type.

- Fadhel Makhloq – non-independent member and Chairman of the Board of Directors
- Mohammad AlMangour – independent member
- Amr Al Amr - independent member
- Ibrahim Fatani - non-independent member
- Shakeel Sarwar - non-independent member

f) A brief about of the fund board members' qualifications.

**Fadhel Makhloq**

Mr. Fadhel Makhloq is the CEO of SICO Capital Company and the Chief Capital Markets Office at SICO BSC (c) and has over 36 years of professional experience. Fadhel Makhloq joined SICO in 2004 as Head of Brokerage before being appointed Head of Investments & Treasury in 2008. He was reappointed as Head of Brokerage in 2010 and then assumed the position of Chief Capital Markets Officer in 2018. Prior to joining SICO, he worked for a number of leading financial institutions including Investcorp and Chemical Bank (now JPM Morgan Chase). Fadhel holds an MBA from Glamorgan University, UK. He is also a board member of SICO subsidiary, SICO Financial Brokerage in Abu Dhabi.

**Ibrahim Fatani**

Mr. Ibrahim has 16 years of professional experience in the financial sector and Asset Management field. He joined SICO Capital in April 2022 as Head of Asset Management. Ibrahim managing and supervising all the investment activities including Mutual Funds, Real Estate Funds and, Discretionary Portfolio Management. Prior joining to SICO he worked as Head of Asset Management in MEFIC Capital for two years. Before MEFIC Capital, Ibrahim held several leadership positions in local and international investment firms including: Deutsche Securities Saudi Arabia, Alinma Investment, HSBC Saudi Arabia Limited, Credit Agricole Asset Management and Riyadh Bank.

Ibrahim holds a bachelor degree of Finance from Prince Sultan University, Saudi Arabia.

**Mohammad Al Mangour**

Mr. Mohammad Al Mangour is a VP of Portfolio Management at Saudi Agricultural & Livestock Investment Co ("SALIC"), based in Riyadh. He is responsible for a portfolio of investments in global and local companies with a total value of USD 3.2 billion. Moreover, he is responsible for sourcing and executing M&A deals for SALIC.

He has an aggregate work experience of 17 years in the investment field. Through his experience, he has been involved in numerous strategic transactions, including originating & executing private equity transactions, overseeing taking companies' public, advising on M&A transactions, and raising funds from debt capital markets for clients. He holds a BSc in Finance from Prince Sultan University and is a CFA and CAIA charter holder.

#### **Amr Al Amr**

Mr. Amr Al Amr holds an MBA from Concordia University, California, and has more than 25 years of banking, investment and insurance experience in the local and international markets. He held leadership positions in Samba Financial Group and the National Cooperative Insurance Company. He also worked for the HSBC Group in California. He joined the Abana Group in 2004, and during the past years he held several positions within the company until he held the position of CEO in the beginning of 2021. Previously, he was a member of investment fund boards at Audi Capital, and he is currently a member of the board of directors of GIB Capital funds.

#### **Shakeel Sarwar**

Shakeel Sarwar joined SICO in 2004 and, over the length of his career, has accumulated over 27 years of investment industry experience in the UK, Pakistan, and the Middle East. Prior to joining SICO, he worked with Riyad Bank's Asset Management Division and was part of a team that managed over USD 3 billion in Saudi equities. He has also held positions with ABN Amro Asia Securities in the UK and Pakistan. Shakeel holds a Master of Business Administration in Banking and Finance from IBA, Karachi, Pakistan.

#### **g) Description of the roles and responsibilities of the Fund Board.**

- approving material contracts, decisions and reports involving the public fund, including, but not limited to, contracts for the provision of fund management services, contracts for the provision of custody services but excluding contracts entered into pursuant to investment decisions regarding underlying investments made or to be made by the fund;
- Approve a written policy in regards to the voting rights related to the public fund assets.
- overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified;
- meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations, including (without limitation) the requirements of these Regulations;
- Approving all changes stipulated in Articles (62) and (63) of these



Regulations before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable);

- confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with these Regulations, of the Terms and Conditions and of any other document, contractual or otherwise, that includes disclosures relating to the public fund and/or the fund manager and its conduct of the public fund;
- ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with these Regulations, the Fund's Terms and Conditions;
- Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.
- Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund's board of director.

**h) Details on the remuneration of fund board members.**

SR 5,000 per meeting per independent member up to a maximum of SR10,000 per annum for each independent member calculated daily and deducted after attending the meeting. The total remuneration for the independent members shall not exceed SR30,000 per annum.

- i) A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund.

The fund manager acknowledges that there is no conflict between the interests of the members of the board of directors and the interests of the fund.

- j) A statement showing all the funds boards that the relevant board member is participating in.

Name	Fund	Fund Manager	Position
Fadhel Makhloq	SICO Capital Money Market Fund	SICO Capital	Chairman
	SICO Saudi REIT	SICO Capital	Chairman
	Riyadh Real Estate Fund	SICO Capital	Chairman
	SICO AlQasr Real Estate Fund	SICO Capital	Chairman
Amr Al Amr	GIB Opportunistic Saudi Equity Fund - Class (A)	GIB Capital	Chairman
	GIB Opportunistic Saudi Equity Fund - Class (B)		
	GIB Opportunistic Saudi Equity Fund - Class (C)		
	GIB Saudi Equity Fund - Class (A)	GIB Capital	Independent member
	GIB Saudi Equity Fund - Class (B)		
	GIB Saudi Equity Fund - Class (C)		
GIB Opportunistic MENA Equity Fund - Class (A)	GIB Capital	Chairman	
GIB Opportunistic MENA Equity Fund - Class (B)			
GIB Opportunistic MENA Equity Fund - Class (C)			
Ibrahim Fatani	SICO Capital Money Market Fund	SICO Capital	Board member
	SICO Saudi REIT	SICO Capital	Board member
	Riyadh Real Estate Fund	SICO Capital	Board member
	SICO AlQasr Real Estate Fund	SICO Capital	Board member
Mohammad Al Mangour	SICO Capital GCC Dividend Growth Fund	SICO Capital	Board member
Shakeel Sarwar	-	-	-

**k) Topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objectives.**

The Fund held two Board meetings during the year 2022 and they were held on September 14, 2022 and December 13, 2022. The following is a summary of the main points discussed during the two meetings:

- Discussing the fund's performance and investment strategy
- Certification of the Fund's service providers
- Disclosure of any potential inconsistencies in the fund
- Disclosure and approval of investment from related parties
- Disclosure and approval of investors holding more than 5% of the fund size
- Review compliance reports and discussing them with the compliance officer

**c. Fund Manager**

**1) Name and address of the fund manager.**

SICO Capital Company  
King Fahd Road -CMC Tower – 5th Floor  
P.O.Box 64666 Riyadh 11546 Kingdom of Saudi Arabia  
Tel: +966-8001010008 Fax: +966-11-279-9515  
Website: [www.sicocapital.com](http://www.sicocapital.com)  
Email: [info@sicocapital.com](mailto:info@sicocapital.com)

**2) Names and addresses of sub-manager and/or investment adviser (if any).**

N/A

**3) A review of the investment activities during the period.**

GCC markets along with global markets experienced extreme volatility in 2022. The year started with the Russia-Ukraine war pushing a tight oil market to prices surpassing USD 100/bbl for the first time in 9 years. Inflation continued to be a challenge forcing the Feds to embark on an aggressive tightening cycle, raising rates at a record rate of 7 rate hikes. As the Feds, signalled no signs of slowing down and with China's reopening delayed; recession fears continued to rise.

Regional markets started the year on a strong note but the first quarter gains were completely wiped out with markets ending the year down 8% and falling 24% from the year's peak. The GCC markets still outperformed the S&P 500 and MSCI Emerging Index which declined 19.4% and 22% respectively. Markets in the GCC were in a relatively strong positions compared to the rest of the world as most GCC countries reported fiscal surplus on the back of higher oil prices. Also, regional markets

witnessed strong IPO activity in 2022, with over 35 IPOs compared to 22 in 2021. IPO proceeds reached over USD 20bn from USD 9bn in 2021. Oman was the best performing GCC market, ending the year up 9% followed by Kuwait +2%. Saudi, UAE and Qatar closed the year down 7-8%, while Bahrain was the worst performing market falling 11.4%.

The fund ended the year up 13.66% outperforming the benchmark which declined by 8.29%. We were defensively positioned which helped us in weathering the volatility.

Going into 2023, we remain cautiously optimistic on the markets and continue to invest in a diversified portfolio comprising of companies that we believe offer medium to long term value.

We see still see value in sectors which would benefit from demographic tailwinds such as consumer and telecom sector and value in potential IPOs. Dividend of selected blue-chip companies are decent which we are looking to capitalize upon. The reopening of China also presents an interesting opportunity for chemicals and cyclicals as demand is expected to pick up.

#### **4) A report of investment fund's performance during the period.**

The fund achieved a return of 13.66% for the year ending 2022, compared to - 8.29% of the benchmark.

5) **Details of any material changes to the Fund's Terms and Conditions (for a public fund) or fund documents (for private fund) made during the period.**

During the year 2022, the fund manager made changes to the terms and conditions of the fund, which are as follows:

- On January 27, 2022, there was a change in the membership of the Board of Directors of the SICO Capital GCC Dividend Growth Fund for due to the resignation of the board member member Mr. Abdulrahman Al Shehri (Independent member) and Mr. Khaled Abdullah Al Anqari (Independent member).
- On March 02, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the appointment of the board member Mr. Amr Abdulaziz Al Amr (Independent member) and Ms. Nejoud Salah Al Mulaik (Independent member).
- On April 20, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the resignation of the board member Ms. Nejoud Salah Al Mulaik (Independent member).
- On April 21, 2022, Osol for Sharia Consulting has been appointed as the New Sharia advisor for GCC Dividend Growth, instead of Sharia Review Bureau. Osol for Sharia Consulting is a leading Sharia advisor of investment companies in the GCC. The result of this appointment that the annual fees will be reduced to 10,000 SAR instead of 18,750 SAR. The Fund Manager believes that this appointment serves the best interests of the Fund by reducing the annual fees.
- On June 02, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the resignation of the board member Mr. Ahmed Bushri Hussein (non-independent).
- On August 28, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the appointment of the board member Mr. Ibrahim Fatani (non-independent) and Mr. Mohammad AlMangour (Independent member).
- On November 01, 2022, the terms and conditions of the SICO Capital GCC Dividend Growth Fund has been updated as of (14/11/2022G) corresponding to (20/04/1444H) as per annex (1) of the updated investment funds regulations published on 22/02/2021.
- On November 01, 2022, the Funds Board of Directors have approved a non-fundamental change to SICO Capital GCC Dividend Growth Fund, such changes will become effective on (20/04/1444H) corresponding to (14/11/2022G), which include adopting a policy of

distributing profits to unit holders every six months. On May 15 and November 15 of each year. Distribution will be made to all investors registered in the fund on the aforementioned dates, and they will have the right to receive dividends. In the event that these dates are not official business days, the distribution shall be on the next business day. The fund manager is left with the option to determine the profits to be distributed based on the income received from stock dividends and capital gains. Profits will be distributed to unit holders within 20 days after the due date.

- On December 07, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund due to the removal of the Board chairman of the Fund Mr. Sultan Abdulatif Nugali (Chairman-non independent) and appointment of Mr. Fadhel Ahmed Makhloq (Chairman-non independent member) and appointment of Mr. Shakeel Sarwar (non- independent).

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

N/A

- 7) Where an investment fund invests substantially in other investment funds, a statement must disclose on the proportion of the management fees charged to the fund itself and to funds in which the funds invests.

The management fee is 1.50% of NAV

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

N/A

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

N/A

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

Since 2022

- 11) A disclosure of the expense ratio of each underlying fund at end of year and the weighted average expense ratio of all underlying funds that invested in (where applicable).

The expense ratio for the year 2021 was 2.11%



#### d. Custodian

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

Riyad Capital Company  
6775 Takhassusi Street - Olaya  
Riyadh 12331-3712, Kingdom of Saudi Arabia  
PO Box 21116 Zip Code: 11475  
Tel: +966 11 4865866 / 4865898 Fax: +966 114865859  
Website: [www.riyadcapital.com](http://www.riyadcapital.com)  
Email: [rcss@riyadcapital.com](mailto:rcss@riyadcapital.com)

##### 2) A brief description of its duties and responsibilities.

- The custodian is responsible for his obligations in accordance with the provisions of the investment funds regulations, whether he performs his responsibilities directly or assigns them to a third party under the provisions of the investment funds regulations and the regulations of financial market institutions.
- The custodian is responsible towards the fund manager and unit holders for the fund's losses resulting from its fraud, negligence, misconduct or willful negligence.
- The custodian is responsible for preserving and protecting the assets of the fund for the benefit of the unit holders, and is also responsible for taking all necessary administrative procedures in relation to the preservation of the fund's assets.

#### e. Fund Operator

##### 1) Name and address of fund operator.

SICO Capital Company  
King Fahd Road -CMC Tower – 5th Floor  
P.O.Box 64666 Riyadh 11546 Kingdom of Saudi Arabia  
Tel: +966-8001010008 Fax: +966-11-279-9515  
Website: [www.sicocapital.com](http://www.sicocapital.com)  
Email: [info@sicocapital.com](mailto:info@sicocapital.com)

**2) A brief description of its duties and responsibilities.**

- The fund operator is responsible for the full and fair evaluation of the fund's assets.
- The fund operator shall compensate all affected unit holders (including previous unit holders) for all valuation or pricing errors without delay.
- The fund operator must prepare and keep a register of unit owners in the Kingdom.

**f. Auditor**

**1) Name and address of auditor.**

Al - Bassam & Al - Nimer Allied Accountants PKF  
Prince Mohammed bin Abdul Aziz Street (Tahlia), Sulaymaniyah  
P.O. Box 28355 Riyadh 11437  
Tel: +966 11 5333  
Fax: +966 11 206 5444  
[www.pkf.com/saudi-arabia](http://www.pkf.com/saudi-arabia)

**g. Financial Statement**



أصول للاستشارات الشرعية  
Osol For Sharia Consulting

www.osolsa.com  
+965 5060 4844

أصول للاستشارات الشرعية  
Osol For Sharia Advisory

## تقرير اللجنة الشرعية لصندوق سيكو المالية الخليجي لنمو الأرباح لعام 2022

22 يونيو 2023

الحمد لله وحده، والصلاة والسلام على من لا نبي بعده، وعلى آله وصحبه.

إلى السادة / حملة وحدات صندوق سيكو المالية الخليجي لنمو الأرباح المحترمين  
الرياض - المملكة العربية السعودية

هدف ونطاق التدقيق

قمنا بتدقيق العقود والمعاملات التي نفذها صندوق سيكو المالية الخليجي لنمو الأرباح (الصندوق) خلال السنة المنتهية في 2022/12/31 لإبداء الرأي في مدى التزام الصندوق بأحكام الشريعة الإسلامية كما هي المعايير الشرعية للمؤسسات المالية الإسلامية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية (أيوبي) وقرارات هيئة السوق المالية ذات الصلة.

مسؤولية الإدارة عن الالتزام الشرعي

تقع مسؤولية الالتزام بتنفيذ العقود والمعاملات طبقاً لأحكام الشريعة الإسلامية على إدارة الصندوق، كما أن الإدارة مسؤولة عن الرقابة الشرعية الداخلية التي تراها ضرورية لضمان تنفيذ العقود والمعاملات طبقاً لأحكام الشريعة الإسلامية.

الاستقلالية والمتطلبات الأخلاقية الأخرى ورقابة الجودة

لقد التزمنا بالاستقلالية والمتطلبات الأخلاقية الأخرى كما هي في "مدونة الأخلاقيات للمهنيين في مجال التمويل الإسلامي" الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية، لقد التزمنا بمتطلبات المعيار الدولي لإدارة الجودة رقم 1 "إدارة الجودة للمكاتب التي تنفذ ارتباطات مراجعة أو فحص للقوائم المالية أو ارتباطات التأكيد الأخرى أو ارتباطات الخدمات ذات العلاقة"، مع مراعاة للوائح والقوانين التنظيمية لهيئة السوق المالية.

المسؤولية ووصف العمل المنجز

تتمثل مسؤوليتنا في إبداء الرأي في مدى التزام الصندوق بأحكام الشريعة الإسلامية بناءً على تدقيقنا. وقد تم تدقيقنا وفقاً لمعايير الحوكمة ومعايير التدقيق الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية ومبدأ الأهمية النسبية

أصول للاستشارات الشرعية هي شركة مهنية مؤسسة في دولة الكويت تم إنشاؤها بتحالف عدد من الشركاء الشرعيين والمهنيين في مجال المالية الإسلامية وتمتع بحضور مميز على صعيد المؤسسات المالية والاستثمارية الإسلامية في دول مجلس التعاون الخليجي.

والذي يختلف بحسب حجم عميل التدقيق وطبيعة عملياته ومخاطره الشرعية وإظهار الملاحظات - إن وجدت - في هذا التقرير . وتتطلب هذه المعايير أن تمثل متطلبات السلوك الأخلاقي للمهنة وأن نقوم بتخطيط وأداء التدقيق للحصول على تأكيد معقول بأن الصندوق ملتزم بأحكام الشريعة الإسلامية. إن التأكيد المعقول هو مستوى عالٍ من التأكيد، لكنه لا يضمن بأن عملية التدقيق الشرعي سوف تكشف دائماً عن المخالفات الشرعية عند وجودها.

وتتضمن أعمال التدقيق أداء إجراءات للحصول على أدلة تدقيق حول مدى الالتزام بأحكام الشريعة الإسلامية، لقد قمنا بتدقيقنا بناءً على عينة منهجية مختارة، ونعتقد بأن أدلة التدقيق التي حصلنا عليها كافية ومناسبة كأساس لإبداء رأي التدقيق الخاص بنا. وكجزء من عملية التدقيق الشرعي فإننا نمارس التقدير المهني ونحافظ على الشك المهني طوال فترة التدقيق، بحيث نقوم بأعمالنا على النحو التالي:

- تحديد واعتماد المرجعية الشرعية.
- تحديد وتقييم مخاطر عدم الالتزام الشرعي.
- تكوين فهم حول نظام الرقابة الشرعية الداخلية.
- تصميم إجراءات التدقيق بما ينسجم مع مخاطر عدم الالتزام الشرعي.
- القيام بعملية التدقيق الشرعي والحصول على المستندات المؤيدة.
- الحصول على أدلة تدقيق كافية ومناسبة توفر أساساً لإبداء رأينا.
- تجنب الأرباح المتحصل عليها من توزيعات أرباح شركات مختلطة.

#### الرأي

إن العقود والمعاملات التي قام بها صندوق سيكو المالية الخليجي لنمو الأرباح (الصندوق) خلال السنة المنتهية في 2022/12/31 والتي اطلعنا عليها تمت في مجملها وفقاً لأحكام الشريعة الإسلامية.

الدكتور / حمد يوسف المرزوعي

رئيس اللجنة الشرعية

الدكتور / محمد عبدالرحمن الشرفا

عضو اللجنة الشرعية

الدكتور / عبدالرحمن محمد البالول

عضو اللجنة الشرعية

**SICO CAPITAL GCC DIVIDEND  
GROWTH FUND (Previously known as Muscat  
Capital GCC Dividend Growth Fund)  
(Open-Ended Fund)  
MANAGED BY SICO CAPITAL (Previously known as  
Muscat Capital)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2022 AND INDEPENDENT AUDITOR'S  
REPORT**

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Previously known as  
Muscat Capital GCC Dividend Growth Fund)**

**(Open-ended fund)**

**MANAGED BY SICO CAPITAL (Previously known as Muscat Capital)**

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**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE UNITHOLDERS OF SICO CAPITAL GCC DIVIDEND GROWTH FUND

(1 /3)

#### 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 **SICO Capital GCC Dividend Growth Fund** (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 (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 2022;
- The statement of comprehensive income for the year then ended;
- The statement of changes in net assets (Equity) attributable to the unitholders for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, including a summary of significant 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 Regulations for Fund and the Fund's terms 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, i.e. the Fund Manager is responsible for overseeing the Fund's financial reporting process.



## INDEPENDENT AUDITOR'S REPORT

### TO THE UNITHOLDERS OF SICO CAPITAL GCC DIVIDEND GROWTH FUND

(2 /3)

### 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.

## INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SICO CAPITAL GCC DIVIDEND GROWTH FUND


(3 /3)

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.

  
Ibrahim A. Al-Bassam  
Certified Public Accountant  
License No. 337  
Riyadh: 08 Ramadhan 1444H  
Corresponding to: 30 March 2023



**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)****MANAGED BY SICO CAPITAL****STATEMENT OF FINANCIAL POSITION****As at 31 December 2022****(Amounts in Saudi Riyals)**

	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>ASSETS</b>			
Cash and cash equivalents	7	<b>698,686</b>	3,987,276
Investments carried at fair value through profit or loss (FVTPL)	8	<b>7,325,719</b>	90,098,459
Prepayments and other assets		<b>44,532</b>	6,036
<b>Total assets</b>		<b>8,068,937</b>	94,091,771
<b>LIABILITIES</b>			
Accruals and other liabilities	15	<b>206,928</b>	505,837
<b>Total liabilities</b>		<b>206,928</b>	505,837
<b>Net assets (equity) attributable to the unitholders</b>		<b>7,862,009</b>	93,585,934
<b>Units in issue (in numbers)</b>	9	<b>475,248</b>	6,429,530
<b>Net asset value per unit</b>		<b>16.54</b>	14.56

The accompanying notes 1 to 17 form an integral part of these financial statements.

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)****MANAGED BY SICO CAPITAL****STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2022****(Amounts in Saudi Riyals)**

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>Income</b>			
Dividend income		<b>1,099,399</b>	3,118,152
Realized and unrealized gain on FVTPL investments			
- Realized gain on disposal of FVTPL investments		<b>40,267,963</b>	11,646,170
- Unrealized gain on FVTPL investments	8	<b>(20,513,393)</b>	12,287,577
Foreign currency exchange loss		<b>(426,496)</b>	(73,268)
		<u><b>20,427,473</b></u>	<u>26,978,631</u>
<b>Expenses</b>			
Management fees	10	<b>765,321</b>	1,459,249
Other expenses	10	<b>185,854</b>	285,535
		<u><b>951,175</b></u>	<u>1,744,784</u>
<b>Net income for the year</b>		<u><b>19,476,298</b></u>	25,233,847
Other comprehensive income			-
<b>Total comprehensive income for the year</b>		<u><b>19,476,298</b></u>	<u>25,233,847</u>

The accompanying notes 1 to 17 form an integral part of these financial statements.

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)****MANAGED BY SICO CAPITAL****STATEMENT OF CHANGES IN NET ASSETS****For the year ended 31 December 2022****(Amounts in Saudi Riyals)**

	<b>31 December 2022</b>	31 December 2021
<b>Balance at the beginning of the year</b>	<b>93,585,934</b>	71,005,769
Total comprehensive income for the year	<b>19,476,298</b>	25,233,847
<b>Changes from unit transactions</b>		
Proceeds from issuance of units	<b>37,821,000</b>	1,064,724
Payment towards units redeemed	<b>(143,021,223)</b>	(1,000,000)
Net change from unit transactions	<b>(105,200,223)</b>	64,724
Dividend paid	-	(2,718,406)
<b>Net assets attributable to the unitholders at the end of the year</b>	<b>7,862,009</b>	93,585,934

The accompanying notes 1 to 17 form an integral part of these financial statements.

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)****MANAGED BY SICO CAPITAL****STATEMENT OF CASH FLOWS****For the year ended 31 December 2022****(Amounts in Saudi Riyals)**

	Note	31 December 2022	31 December 2021
<b>Cash flows from operating activities:</b>			
Net income for the year		<b>19,476,298</b>	25,233,847
Unrealized gain on FVTPL investments	8	<b>20,513,393</b>	(12,287,577)
Investments carried at FVTPL		<b>62,259,339</b>	(7,616,786)
Prepayments and other assets		<b>(38,488)</b>	10,079
Accruals and other liabilities		<b>(298,909)</b>	167,975
<b>Net cash generated from / (used in) operating activities</b>		<b>101,911,633</b>	5,507,538
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of units		<b>37,821,000</b>	1,064,724
Redemption of the units		<b>(143,021,223)</b>	(1,000,000)
Dividend paid	13	-	(2,718,406)
<b>Net cash (used in) / generated from financing activities</b>		<b>(105,200,223)</b>	(2,653,682)
<b>Net change in cash and cash equivalents</b>		<b>3,288,590</b>	2,853,856
Cash and cash equivalents at beginning of the year	7	<b>3,987,276</b>	1,133,420
<b>Cash and cash equivalents at end of the year</b>	7	<b>698,686</b>	3,987,276

The accompanying notes 1 to 17 form an integral part of these financial statements.

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)  
MANAGED BY SICO CAPITAL**

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**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**(Amounts in Saudi Riyals)**

**1. INCORPORATION AND PRINCIPAL ACTIVITIES**

The SICO Capital GCC Dividend Growth Fund (the "Fund") (Previously known as Muscat Capital GCC Dividend Growth Fund) is an open-ended mutual fund established and managed through an agreement between SICO Capital Company (Previously known as Muscat Capital) - a Saudi Closed Joint Stock Company (the "Fund Manager"), a subsidiary owned 72.71% by SICO BSC (c) (a bank registered in Bahrain) and 27.29% by Bank Muscat (SAOG) incorporated in the Sultanate of Oman, and the Fund Investors (the "Unit holders"). On 14 March 2021, SICO BSC (c) (a bank registered in Bahrain) ("SICO") acquired 72.71% of Muscat Capital Company equity from the Bank Muscat SOAG after obtaining the necessary regulatory approvals. Following the issuance of revised commercial registration dated 15 July 2021, the Company's name has been changed from Muscat Capital Company to SICO Capital Company. Furthermore, the new Board of Directors appointed by the shareholders of the Company in the extra-ordinary general meeting held on 14 March 2021 are also approved by CMA on 30 June 2021. On 14 November 2021, the Fund Manager has decided to change the name of the Fund from Muscat Capital GCC Dividend Growth Fund to SICO Capital GCC Dividend Growth Fund. The new terms and conditions of the Fund has been issued on 14 November 2021 mentioning the updated name. The announcement is made on Tadawul on 02 December 2021.

The Fund commenced its operations on 16 Sha'ban 1440H (corresponding to 21 April, 2019).

In dealing with the unit holders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, unit holders are considered to be owners of the assets of the Fund.

The principal investment objective of the Fund is to invest in Sharia-compliant listed equities, IPOs and real estate funds issued and traded in GCC capital markets. The Fund aims to provide dividends and long-term capital appreciation by investing in a portfolio comprising of Shariah-compliant dividend growth stocks, whose dividends have grown over the last two years as a minimum.

Units were offered at a price of SAR 10 per unit, with a minimum initial subscription amount to SAR 1,000.

**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). Also see (Note 1)

**3. SUBSCRIPTION / REDEMPTION**

The Fund is open for dealing before 12:00 pm on Sunday to Thursday (each day a "Dealing Day"). The net asset value (equity) of the Fund's portfolio is determined on each working day's closing prices (each "Valuation Day"). The unit price is calculated by subtracting the liabilities from the total assets value, then dividing the result (NAV) by the number of units outstanding on a valuation day.

## **SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)**

### **MANAGED BY SICO CAPITAL**

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## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**(Amounts in Saudi Riyals)**

### **4. BASIS OF PREPARATION**

#### **4.1 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 issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of liquidity.

#### **4.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit and loss (FVTPL).

#### **4.3. Functional and presentation currency**

These financial statements are presented in Saudi Arabian Riyal (SAR) which is also the functional currency of the Fund.

#### **4.4. Financial year**

The financial year of the Fund commences on 1 January and ends on 31 December of each calendar year.

#### **4.5 Significant Accounting Judgements, Estimates, And Assumptions**

In the ordinary course of business, the preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Major areas where estimates or judgements made are significant to the Fund’s financial statements or where judgement was exercised in the application of accounting policies are as follows:

##### **Use of Judgements**

##### **Assessment as investment entity**

Entities that meet the definition of an investment entity under IFRS are required to measure their investments at fair value through profit or loss rather than applying equity accounting method or consolidation. The criteria, which define an investment entity, is as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis. The Fund’s investment proposal to the unit holders clearly states its objective of providing investment management services to investors, for the purpose of capital appreciation with a clearly documented exit strategy from the investment.



**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)**

**MANAGED BY SICO CAPITAL**

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**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**(Amounts in Saudi Riyals)**

**4. BASIS OF PREPARATION (CONTINUED)**

**4.5 Significant Accounting Judgements, Estimates, And Assumptions(continued)**

**Use of Judgements (continued)**

**Assessment as investment entity (continued)**

The Fund's investment proposal to the unit holders clearly states its objective of providing investment management services to investors, for the purpose of capital appreciation with a clearly documented exit strategy from the investment.

The Fund reports to its investors and to its management, the investment it manages on a fair value basis. The investment is reported at fair value to the extent allowed by accounting standards in the Fund's annual financials. The Fund's exit strategy for its investment is reviewed annually. Therefore, the Management concluded that the Fund meets the definition of an investment entity.

**Going concern**

The Fund's management 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. Accordingly, these financial statements have been prepared on a going concern basis.

**Use of Estimates**

**Measurement of fair values**

The Fund's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Fund uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Fund recognizes transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 14 of these financial statements.

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)**

**MANAGED BY SICO CAPITAL**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**(Amounts in Saudi Riyals)**

**4. BASIS OF PREPARATION (CONTINUED)**

**4.5 Significant Accounting Judgements, Estimates and Assumptions (continued)**

**Impairment of financial assets**

The Fund applies and determines expected credit loss (ECL) model for the measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortized cost e.g., bank balances. An expected credit loss is the probability weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. For the determination of the expected credit loss, the fund evaluates among other factors, the credit risk, default and timing of collection since initial recognition. This requires recognizing allowance for expected credit losses in the statements of profit or loss and other comprehensive income.

**5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS**

**5.1 New standards, amendments to standards and interpretations**

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Following standard, interpretation or amendment are effective from the current year and are adopted by the Fund, however, these does not have any impact on the financial statements of the Fund.

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2021

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**5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)**

**5.1 New standards, amendments to standards and interpretations (continued)**

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<p><i>Amendments to IFRS 3, 'Business combinations'</i> update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p><i>Amendments to IAS 16, 'Property, plant and equipment'</i> prohibit a fund from deducting from the cost of property, plant and equipment amounts received from selling items produced while the fund is preparing the asset for its intended use. Instead, a fund will recognise such sales proceeds and related cost in statement of income.</p> <p><i>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'</i> specify which costs a fund includes when assessing whether a contract will be loss-making.</p> <p><i>Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.</i></p>	Annual periods beginning on or after 1 January 2022.

Management has assessed the impact of new standards and amendments effective from 1 January 2022 and determined that they have no material impact on the financial statements of the Fund.

**5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS**

**5.2 New standards, interpretations and amendments not yet effective**

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective up to the date of issuance of the Fund's financial statements. The Fund has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Fund.

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing change to this amendment.</p>	Deferred until accounting periods starting not earlier than 1 January 2024

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### 5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)

#### 5.2. New standards, interpretations and amendments not yet effective (continued)

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p>	Deferred until accounting periods starting not earlier than 1 January 2024

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.

### 6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been adopted by the Fund and applied consistently throughout all years presented in these financial statements.

#### Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank.

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### 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments

##### Initial recognition and measurement of financial assets

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Fund executes purchase or sale of the assets). Regular way purchase or sale of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on trade date at which the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss is recognized immediately in profit or loss. For all other financial assets and financial liabilities transaction costs are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

##### De-recognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards are transferred.

##### Classification and subsequent measurement of financial assets

Financial assets are classified into the following specified categories:

- Financial assets at fair value through profit or loss (FVPL);
- Financial assets at fair value through other comprehensive income (FVOCI); or
- Financial assets at amortized cost.

#### Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate Sukuk, Murabaha placement.

Classification and subsequent measurement of debt instruments depend on:

- (i) The Fund's business model for managing the asset; and
  - (ii) The cash flow characteristics of the asset.
- **Financial assets at Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized in profit or loss statement. Profit income from these financial assets is included in 'Special commission income' using the effective interest rate method.
  - **Financial assets at Fair value through other comprehensive income:** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains

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#### **6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Financial assets at Fair value through other comprehensive income (continued)**

and losses on the instrument's amortized cost are recognized in profit or loss statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss statement. Profit income from these financial assets is included in 'Special commission income' using the effective interest rate method.

- **Fair value through profit or loss:** Financial assets that do not meet the criteria for amortized cost or FVOCI are classified as fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value is presented in the statement of profit or loss in the year in which it arises. Profit income from these financial assets is included in 'Special commission income' using the effective interest rate method.

##### **Equity instruments**

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

The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the statement of profit or loss, 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 income as 'Dividend income' when the Fund's right to receive payments is established.

##### **Impairment of financial assets**

The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Fund's financial assets fall into this category.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

##### **Classification and measurement of financial liabilities**

Liabilities are recognized on an accrual basis for amounts to be paid in the future in return for services received, whether or not billed by the provider.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Fund has designated a financial liability at FVPL.

Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

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## **6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at the market price because this price provides a reasonable approximation of the exit price.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the statement of assets and liabilities 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 realize the asset and settle the liability simultaneously.

### **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 marketplace.

### **Amounts due to and due from brokers**

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial liabilities, other than those classified as at FVTPL, for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

### **Provisions**

Provisions are recognized 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 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 passage of time is recognized 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.

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**6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity attributable to unitholders**

The net assets attributable to the unitholders comprise redeemable units issued and accumulated profit generated by the Fund. The redeemable units are classified as equity as explained below.

**Redeemable Units**

Units subscribed and redeemed are recorded at the net assets value per unit on the Valuation Day for which the subscription request and redemption applications are received.

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

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have any of the features or meet all the conditions set out in paragraphs 16A and 16B of International Accounting Standard (IAS 32), the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in net assets attributable to unit holders. The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

**Foreign currency translation**

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognized as a component of net gain from financial instruments at FVTPL



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**6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net gain or loss on financial assets and liabilities at Fair Value through Profit or Loss (“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 special 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 period. 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).

**Net assets value per unit**

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

**Zakat**

Zakat is the obligation of the Unitholder and is not provided for in these financial statements.

**Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the amount can be reliably measured, regardless of when payment is being made.

**Dividend income**

Dividend income is recognized in the statement of profit or loss when declared (i.e. when the Fund’s right to receive the dividend is established).

**Management fee, custody fee and other expenses**

The Fund’s expenses include management fee, custody fee and other expenses. Management and custody fee are based on predetermined rates as specified in the Terms and Conditions of the Fund. Detailed policies are as follows:

**Management fee**

Fund management fees are recognized on accrual basis and charged to the statement of comprehensive income. Fund management fee is charged at agreed rates with the Fund Manager and as stated in the terms and conditions of the Fund.

**Special commission income**

Special commission income including special commission income from non-derivative financial assets measured at amortized cost, are recognized in the statement of comprehensive income, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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**6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Custody fee**

The Fund shall pay the Custodian an annual fee (the “Custodian Fee”) equal to 0.0647% of the value of the Fund’s assets (based on the most recent asset valuation). The Custody fee shall be paid in quarterly instalments.

**7 CASH AND CASH EQUIVALENTS**

	Notes	31 December 2022	31 December 2021
Balances with financial institution	7.1	698,686	3,987,276
<b>Total</b>		<b>698,686</b>	<b>3,987,276</b>

**7.1** Cash balances are held in investment account with Riyadh Capital (the “Custodian”). The Fund does not earn profit on this account.

**8 INVESTMENTS CARRIED AT FVTPL**

	31 December 2022		
	Cost	Market value	Unrealized (loss)
Equity investments	27,839,112	7,325,719	(20,513,393)

	31 December 2021		
	Cost	Market value	Unrealized gain
Equity investments	77,810,882	90,098,459	12,287,577

**Industry sector**

	31 December 2022		
	Cost	Market value	%
Banks and financial services	1,419,034	1,677,114	23%
Retail	413,025	378,697	5%
Petrochemicals	1,439,542	1,226,341	17%
Real estate	208,592	218,542	3%
Energy and utilities	897,658	748,704	10%
Telecommunications	254,043	235,359	3%
Services	403,561	452,124	6%
Industrial Investment	192,737	188,795	3%
Health Care	278,219	250,382	3%
Agriculture and Food Industry	402,979	407,468	6%
Cement	271,196	251,685	3%
Food	244,965	278,785	4%
Insurance	281,664	320,386	4%
Real Estate Development	156,843	123,057	2%
Telecom and IT	614,018	568,280	8%
	<b>7,478,076</b>	<b>7,325,719</b>	<b>100%</b>

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**8 INVESTMENTS CARRIED AT FVTPL (CONTINUED)**

Industry sector	31 December 2021		
	Cost	Market value	%
Banks and financial services	34,320,430	44,429,077	49%
Retail	8,520,351	9,391,888	10%
Petrochemicals	8,792,733	9,033,001	10%
Real estate	6,936,236	7,143,381	8%
Energy and utilities	6,378,912	6,512,883	7%
Telecom and IT	5,118,416	5,278,625	6%
Transport	2,172,673	2,546,200	3%
Industrial Investment	2,048,447	2,355,000	3%
Health Care	2,095,946	2,028,246	2%
Consumer services	1,426,738	1,380,158	2%
	<b>77,810,882</b>	<b>90,098,459</b>	<b>100%</b>

**9 UNIT TRANSACTIONS**

Transactions in units for the year are summarized as follows:

	<b>31 December 2022</b>	31 December 2021
<b>Units at the beginning of the year</b>	<b>6,429,530</b>	6,410,918
Units issued	<b>2,011,928</b>	86,320
Units redeemed	<b>(7,966,210)</b>	(67,708)
Net changes in units	<b>(5,954,282)</b>	18,612
<b>Units at the end of the year</b>	<b>475,248</b>	<b>6,429,530</b>

**10 RELATED PARTY TRANSACTIONS AND BALANCES**

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

The significant related party transactions entered into by the Fund during the year are as follows:

<b>Related party</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>31 December 2022</b>	31 December 2021
SICO Capital Company	Fund manager	Management fee	<b>765,321</b>	1,459,249
		Administration fee	<b>26,620</b>	50,757
Riyad Capital	Affiliate	Custodian fee	<b>44,367</b>	86,922
Board members		Board meeting fee	<b>20,000</b>	20,000

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**10 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

The balances resulting from related party transactions are as follows:

<b>Related party</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
SICO Capital Company	Fund manager	Management fee		<b>(54,319)</b>	(390,959)
		Administration fee *		<b>(15,719)</b>	(27,428)
		Custodian fee Prepaid		<b>32,703</b>	(8,932)
Riyad Capital	Affiliate	Balances with financial institution	7	<b>698,686</b>	3,987,276
Board member:		Board meeting fee *		<b>(25,000)</b>	(15,000)

\* These balances have been recorded under accruals and other liabilities.

**11 FINANCIAL INSTRUMENTS BY CATEGORY**

<b>31 December 2022</b>	<b>Fair Value</b>	<b>Amortized Cost</b>
<b>Assets</b>		
Cash and cash equivalents	-	<b>698,686</b>
Investment carried at FVTPL	<b>7,325,719</b>	-
Prepayments and other assets	-	<b>11,829</b>
<b>Total</b>	<b>7,325,719</b>	<b>710,515</b>
<b>31 December 2021</b>	<b>Fair Value</b>	<b>Amortized Cost</b>
<b>Assets</b>		
Cash and cash equivalents	-	3,987,276
Investment carried at FVTPL	90,098,459	-
Prepayments and other assets	-	6,036
<b>Total</b>	<b>90,098,459</b>	<b>3,993,312</b>

All financial liabilities as at 31 December 2022 and 31 December 2021 are classified as financial liabilities measured at amortized cost category.

**12 FINANCIAL RISK MANAGEMENT**

**12.1 Financial risk factors**

The objective of the Funds is to continue to provide optimum returns to its unitholders. The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

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

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**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.1 Financial risk factors (continued)**

tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

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

**(a) Market risk**

*(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 2022	
		%	Fair Value
SAR	Kingdom of Saudi Arabia	72%	5,296,671
AED	United Arab Emirates	22%	1,635,717
KWD	Kuwait	5%	393,331
		<b>100%</b>	<b>7,325,719</b>

Currency	Country	31 December 2021	
		%	Fair value
SAR	Kingdom of Saudi Arabia	74%	66,678,507
AED	United Arab Emirates	21%	18,626,410
KWD	Kuwait	5%	4,793,542
		<b>100%</b>	<b>90,098,459</b>

*(ii) Commission rate risk*

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Fund does not have significant cash flow commission rate risk as it does not have any significant amount of variable rate financial instruments.

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**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.1 Financial risk factors (continued)**

**(a) Market risk (continued)**

*(ii) Commission rate risk (continued)*

The Fund is not exposed to fair value commission rate risk as the financial instruments of the Fund are carried at amortized cost other than investment carried at fair value through profit and loss which does not have commission rate risk.

*(iii) Price risk*

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

The Fund has exposure to equity instruments' price risk as the Fund holds such investments.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its listed financial instruments. The Fund manages this risk through diversification of its investment portfolio in terms of geographical distribution, as disclosed in the table in foreign exchange risk above and industry concentration as follows:

The effect on the net assets value (equity) (as a result of the change in the fair value of investments as at 31 December 2021 and 31 December 2020) 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 2022		31 December 2021	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Banks and financial services	+/- 1%	16,771	+/- 1%	444,291
Retail	+/- 1%	3,787	+/- 1%	93,919
Petrochemicals	+/- 1%	12,263	+/- 1%	90,330
Real estate	+/- 1%	2,185	+/- 1%	71,434
Energy and utilities	+/- 1%	7,487	+/- 1%	65,129
Telecom and IT	+/- 1%	5,683	+/- 1%	52,786
Transport	+/- 1%	-	+/- 1%	25,462
Industrial Investment	+/- 1%	1,888	+/- 1%	23,550
Health Care	+/- 1%	2,504	+/- 1%	20,282
Consumer services	+/- 1%	-	+/- 1%	13,802
Cement	+/- 1%	2,517	+/- 1%	-
Building and construction	+/- 1%	-	+/- 1%	-
Telecommunication	+/- 1%	2,354	+/- 1%	-
Services	+/- 1%	4,521	+/- 1%	-
Agriculture and Food Industry	+/- 1%	4,075	+/- 1%	-
Food	+/- 1%	2,788	+/- 1%	-
Insurance	+/- 1%	3,204	+/- 1%	-
Real Estate Development	+/- 1%	1,231	+/- 1%	-
Telecommunication	+/- 1%	2,354	+/- 1%	-

## **SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)**

### **MANAGED BY SICO CAPITAL**

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#### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**(Amounts in Saudi Riyals)**

## **12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **12.1 Financial risk factors (continued)**

#### **(b) Credit risk**

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk for its balances with financial institutions.

Its Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Fund is exposed to credit risk for its balance with financial institutions and prepayments and other assets. The credit quality of the Fund's balances with financial institutions is assessed with reference to external credit ratings.

#### **Expected credit loss measurement**

The Fund does not have a formal internal grading mechanism. Credit risks are generally managed on the basis of external credit ratings of counterparties.

Under the general approach of IFRS 9 impairment, the financial assets are classified into three stages. Each stage indicates the credit quality of the particular financial asset.

**Stage 1:** includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and profit is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

**Stage 2:** includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but profit is still calculated on the gross carrying amount of the asset.

**Stage 3:** includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that already are impaired (defaulted).

One of the key components of IFRS 9 ECL is to determine whether there have been significant increases in credit risk (SICR) of an entity's credit exposures since initial recognition. The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL.

#### ***Definition of 'Default'***

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Fund. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default. The Fund considers indicators that are:

- qualitative- e.g., breaches of covenant;
- quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Fund; and
- based on data developed internally and obtained from external sources.

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)**

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**(Amounts in Saudi Riyals)**

**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.1 Financial risk factors (continued)**

**(b) Credit risk (continued)**

*Definition of 'Default' (continued)*

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Fund for regulatory capital purposes. conditions. To derive PiT PDs, the Fund will annually source macro-economic forecast data for selected variables from appropriate sources.

*Probability of Default (PD)*

Through the yearly review of investments in debt instruments, the Fund shall draw a yearly transition matrix to compute account-based PD over the one-year horizon for the past 5 years. These PDs will be grouped as per credit ratings. This rating migration shall capture the movement of obligors into default at yearly intervals. An average default rate of the 5 yearly transition matrices provides the through the cycle PDs. IFRS 9 requires the use of a PD that is a 'point-in-time' (PiT PD) estimate reflecting current forecasts of future economic conditions. To derive PiT PDs, the Fund will annually source macro-economic forecast data for selected variables from appropriate sources.

*Loss Given Default (LGD)*

Loss given default is defined as the forecasted economic loss in case of default. LGD computation will be based on the Fund's losses on defaulted accounts after the consideration of recovery percentages. IFRS 9 also requires that LGD be estimated in collaboration with the forward-looking valuation of collaterals based on macro-economic factors. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

For LGD estimation on its non-collateralized portfolio, the Fund shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 5 years prior to the assessment date. Exposure at Default (EAD)

Exposure at default is an estimation of the extent that the Fund may be exposed to an obligor in the event of default. The estimation of EAD should consider any expected changes in the exposure after the assessment date. This is of importance in the case of Stage 2 assets where the point of default may be several years in the future.

*Discount rate*

The Fund will compute effective profit rate at a contractual level. If the computation of the effective profit rate (at reporting date) is not feasible, the Fund will use the contractual profit (at reporting date) for discounting purposes.

The Fund Manager has performed an ECL assessment for the financial assets carried at amortised cost. An allowance for impairment over these financial assets was not recognized in these financial statements as the amount was not material.



**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)  
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**NOTES TO THE FINANCIAL STATEMENTS**

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**(Amounts in Saudi Riyals)**

**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.1 Financial risk factors (continued)**

**(b) Credit risk (continued)**

*Credit ratings*

The credit quality of the Fund's balances with financial institutions is assessed with reference to external credit ratings.

<b>Rating of Financial Institution</b>	<b><u>31 December 2022</u></b>	<b><u>31 December 2021</u></b>
<b>Balance with financial institution</b>		
Unrated	<b>698,686</b>	3,987,276
	<b><u>698,686</u></b>	<u>3,987,276</u>

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

	<b>Note</b>	<b><u>31 December 2022</u></b>	<b><u>31 December 2021</u></b>
Cash and cash equivalents	7	<b>698,686</b>	3,987,276

The management has conducted a review as required under IFRS 9 and based on an assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents.

**(c) Liquidity risk**

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

The Fund's terms and conditions provide for subscription and redemption of units on every Valuation Day and it is, therefore, exposed to the liquidity risk of meeting redemptions at any time. The Fund's securities are considered to be readily realizable and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to ensure sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by obtaining financing from the related parties of the Fund.

The remaining contractual maturities at the reporting date of the Fund's financial liabilities consisting of accrued management fee and other accrued expenses are shown below:

	<b>31 December 2022</b>		
	<b><u>Less than 1 year</u></b>	<b><u>More than 1 year</u></b>	<b><u>Total</u></b>
Accruals and other liabilities	<b>206,928</b>	-	<b>206,928</b>
<b>TOTAL LIABILITIES</b>	<b><u>206,928</u></b>	<u>-</u>	<b><u>206,928</u></b>

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)  
MANAGED BY SICO CAPITAL**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**(Amounts in Saudi Riyals)**

**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.1 Financial risk factors (continued)**

**(c) Liquidity risk**

	31 December 2021		
	<u>Less than 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
Accruals and other liabilities	505,837	-	505,837
<b>TOTAL LIABILITIES</b>	<b>505,837</b>	<b>-</b>	<b>505,837</b>

**(d) Operational risk**

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

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

**12.2 Fair value estimation**

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

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

- 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 instruments. The Fund does not adjust the quoted price for these instruments.

As of December 31, 2021, the Fund's financial instruments comprise cash and cash equivalent, Investment carried at fair value through profit and loss, prepayments and other assets, accrued management fee and other accrued expenses. Except for Investments carried at fair value through profit or loss, all the financial instruments are measured at amortised cost and their carrying value is a reasonable approximate of fair value. Investments carried at fair value through profit or loss are held in level 1 hierarchy of fair value.

**SICO CAPITAL GCC DIVIDEND GROWTH FUND (Open-ended fund)**

**MANAGED BY SICO CAPITAL**

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**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**(Amounts in Saudi Riyals)**

**13 DIVIDEND DISTRIBUTION**

In accordance, with the approved terms and conditions of the Fund, on 10 February 2021 and 09 September 2021, the Fund's board of directors recommended to distribute dividends with regards to the year ended 31 December 2022 and 30 June 2021 amounting to Nil and SAR 2,718,406 respectively to its unitholders.

**14 EVENTS AFTER THE END OF THE REPORTING PERIOD**

As of the date of approval of these financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these financial statements.

**15. SUBSEQUENT EVENTS**

In the opinion of management, no events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

**16. LAST VALUATION DAY**

In accordance with the Terms and Conditions of the Fund, the last valuation day of the year was 31 December 2022 (2021: 31 December). There is no material change in the net assets (equity) attributable to each unit of the Fund between last valuation day and its financial year end i.e., 31 December 2022.

**17 APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Fund's Board on 30th March 2023 (Corresponding to 8 Ramadan 1444 AH).

**Signed on behalf of Board of Directors**

**Authorized Signatory**