



Saudi Economic and Development Securities Company (SED CO Capital)

Board of Directors Report

2023



Introduction

The Board of Directors of the Saudi Economic and Development Securities Company (SEDCO Capital) is delighted to share with you the annual report which highlights the Company's performance and activities for the fiscal year ended on 31 December 2023.

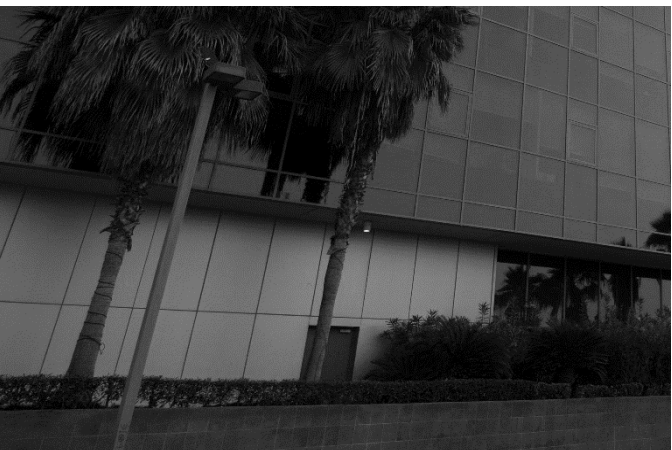


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ABOUT SEDCO CAPITAL



Overview

SEDCO Capital is a Shariah-compliant, ESG led asset management and investment advisory firm. We provide clients with investment solutions through a dynamic asset allocation process across diversified asset classes that deliver strong risk-adjusted returns. The firm is headquartered in Jeddah with offices in Riyadh, Luxembourg, London and Dubai, maintaining a global perspective and reach. SEDCO Capital obtained a license from the Capital Market Authority in the Kingdom of Saudi Arabia in 2009.

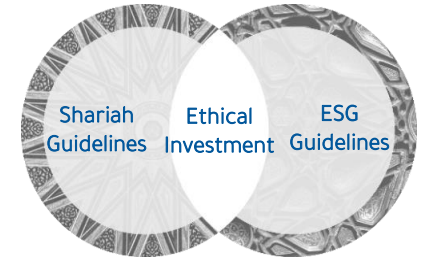
Our strategies are designed to deliver robust performance to our clients who comprise institutions, family offices, endowments, sovereign wealth Funds, pension Funds, ultra high net worth individuals, and other sophisticated investors.

Through SEDCO Capital, clients gain access to our expertise as well as that of more than 100 specialized managers, general partners and advisors.

Our investments span developed and emerging markets through investments in income assets that provide short to long term fixed income, in equities that are listed or private, and in real estate properties spanning a variety of market segments. We cultivate long-standing, trusted relationships with our clients and currently oversee more than USD 5.9 billion in total assets under management (AUM) built on a long record of success. A new investment philosophy was developed by SEDCO Capital in 2013 that combined the strengths of traditional responsible investing with Shariah investment principles. This unique set of principles is termed Prudent Ethical Investment (PEI).



Years in the making



In 2014 SEDCO Capital became the first Saudi and Shariah compliant asset manager to sign the United Nations' Principles of Responsible Investing (UNPRI). This emphasis has been central to SEDCO Capital for many years. Since the firm's inception, we have developed a reputation as a highly capable asset manager with Shariah compliance and ethical investing at our core.



Description of the Company's Main Activities



SEDCO Capital's activities, as licensed by the CMA 11157-37, are summarized as follows:

Dealing

To cover the Company dealings in securities, and includes the transaction of selling, buying or managing the underwriting of securities, or undertaking to cover them, as well as to achieve income from investments, which are mainly the profits generated from exits of investments and income from properties and other financial investments.

Arranging

To providing persons in connection with the securities business or providing financial advisory services for mergers or acquisitions by acting as financial advisor to the seller or buyer and negotiating with the seller or buyer until completion of the merger or the acquisition. Also, it includes arranging financings for companies whether it is related to a project finance or a real estate finance.

Advising

To provides advisory services to clients regarding the risks and advantages of dealing with a financial security or exercising the right to deal for a security.

Custody

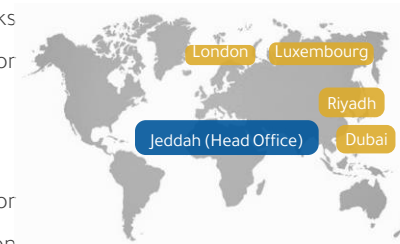
To preserve another person's assets that include securities, or arrange for another person to do so, and the preservation includes the necessary administrative procedures.

Managing investments and operating Funds

To perform management functions, represented through the asset management department to provide the following services to its clients:

- Management of public investment funds in various asset classes including public equity funds as well as public real estate fund (SEDCO Capital REIT).
- Management of private investment funds in various asset classes including money market funds, regional equity funds, private real estate funds and private equity funds.

Global Reach



The company is headquartered in the Kingdom of Saudi Arabia in Jeddah, has offices in Riyadh, Dubai, and London, in addition to SEDCO Capital Platform for Global Funds in Luxembourg, and carries out its activities all over the world. SEDCO Capital was licensed by the CMA on April 19, 2009. The business was initiated on March 29, 2010, and activities (arrangement / management / advice / custody). On April 23, 2012, the CMA granted permission to amend SEDCO Capital's activities list by adding another new activity (Dealing as Principal and Underwriter) which was initiated on April 23, 2012.





SEDCO Capital stands out not only for its breadth of capabilities, but for the firm's unique global reach.

SEDCO Capital offices:

SEDCO Capital offices are distributed between Jeddah (head office) and Riyadh in the Kingdom of Saudi Arabia, and around the world in Luxembourg and London, in addition to Dubai office.

SEDCO Capital has three locations outside the Kingdom of Saudi Arabia:

Luxembourg

SEDCO Capital Luxembourg SA (SCLux) is a Fund management company regulated by the Commission de Surveillance du Secteur Financier (CSSF). SCLux is the manager of SEDCO Capital Global Funds (SCGF), launched in 2012 and now the most diversified and largest Shariah-compliant Fund platform with assets under management exceeding USD 1.8 billion.

SEDCO Capital Luxembourg launched the new UCITS platform in 2021. UCITS stands for 'Undertakings for the Collective Investment in Transferable Securities', a regulatory framework that allows for the offering of cross-European mutual Funds.

London

SEDCO Capital UK Ltd (SCUK) houses the firm's international real estate team which operates globally with platform support from the Luxembourg and Jeddah offices. This team monitors and advises on all aspects of clients' international real estate investments comprising a number of properties including core, value-add, and opportunistic investments across primary and secondary markets in the UK, Europe, US and Asia.

Dubai

SEDCO Capital Management Limited is headquartered in the Dubai International Financial Centre. SEDCO Capital Management Limited provides advisory services covering all aspects of the Company's direct private equity mutual funds. The team currently oversees five funds with assets exceeding \$300 million and aims to invest in growth companies in the United States, Latin America, Europe and Asia.





SEDco Capital's investment philosophy is built on three pillars:



Principles

We are committed to complying with Shariah and environmental, social and governance (ESG) principles. In 2014 SEDCO Capital became the first Saudi and Shariah compliant asset manager to sign the United Nations' Principles of Responsible Investing (UNPRI). We adhere to a robust governance, compliance, and risk management framework ensuring that every stage of our investment process undergoes rigorous scrutiny, due diligence, and accountable approval processes.



Partnership

Partnerships create scale, spread costs of doing business, increase negotiation power and access to differentiated investment opportunities. Our partnership model ensures transparency and creates lasting relationships, mutual trust and shared success. We have fostered and continue to build a large network of reliable business partners, enabling us to be a truly global asset manager.



Performance

We focus on maximizing returns while minimizing undue risks. We believe consistent performance is achieved through diversification across multiple asset classes, geographies, and investment styles and strategies, all in an informed and controlled manner. Our disciplines endeavor to be diverse and innovative, satisfying investors' objectives of risks and returns.



The Company's Main Services



Asset Management

Providing best-in-class investment solutions is the core of what we do. Our funds and discretionary portfolio management (DPM) accounts are tailored to each client's objectives and risk appetite. Our Luxembourg-based SEDCO Capital Global Funds are acknowledged as the world's largest and most diversified range of Shariah-compliant and ESG Funds.

Corporate Finance

Our Corporate Finance Department is an experienced sell-side and buy-side advisory resource that provides clients in Saudi Arabia with a combination of in-depth market intelligence, research, and invaluable decision-making information.

Administration and Custody

Flawless execution, safekeeping and maintenance of assets are key disciplines that contribute to the performance of an investment, from the simplest to the most complex. Our expertise and comprehensive infrastructure minimize transactional, legal, and taxation risks and are integral to our performance.

Advisory

Our advisory services are tailored to help clients make informed decisions on their investments. Clients benefiting from bespoke services often upgrade their accounts to DPM in testimony to the quality of our services in this area.

Dynamic Strategy for Asset Allocation

SEDCO Capital provides sophisticated clients with comprehensive investment solutions across diversified asset classes and geographies using dynamic asset allocation strategies that are aligned with clients' investment objectives.





Public Equity

SEDCO Capital is an innovator in Shariah-compliant public equity investments. We were one of the first to onboard Shariah scholars to establish practical guidelines for investing in equities traded across world stock markets, and we were the first to encourage and work with Dow Jones to establish Islamic indices. We continued innovating by applying ESG criteria to all our strategies and building strong relationships with 30+ equities asset managers around the world. This drive for innovation provides SEDCO Capital and its clients with a wide choice of investment strategies and themes. We are one of few firms to offer such a large range of regional and international strategies, including both passive and active management.

Real Estate

SEDCO Capital provides a range of real estate asset management services and solutions to private and institutional clients. Our primary aim is to help clients enhance income generated from their real estate assets and boost the value of their holdings. We invest on a principal, direct and active basis. We apply a rigorous pricing discipline and a strict underwriting process in all our investments, conducting thorough due diligence and well-defined asset management and business planning. Our investment approach and planning are executed on prudent underwriting and acquisition pricing discipline, driven by fundamental property level asset management, value-based asset refurbishment and redevelopment, property repositioning and a clear exit strategy.

Income Asset

SEDCO Capital invests in Shariah-compliant fixed income securities with high credit grades and low risk profiles, as well as other income generating assets such as leasing and infrastructure transactions. Our fixed income investments in developed and emerging markets are diversified across global money market, sukuk, leasing and infrastructure investments depending on clients' needs, investment objectives, and risk appetite.

Private Equity

SEDCO Capital pioneers in Shariah-compliant private equity investments in the mid-market, high potential growth segments across Europe, Latin America, US, and Asia, having established and implemented the criteria in 1997. We provide our clients with access to private equity through two dedicated teams - focusing on private equity Funds and co-investments - that have cultivated an extensive network of managers and partners representing a portfolio of more than 1,000 companies over 60+ Funds.

Discretionary Portfolio Management

Discretionary Portfolio Management (DPM) is a form of investment management where buy and sell decisions are made by SEDCO Capital, on behalf of our client. The term 'discretionary' refers to decisions being made at the portfolio manager's discretion, so DPM clients need to have the utmost trust in the firm's capabilities. SEDCO Capital's DPM program provides tailor-made solutions developed around our sophisticated clients' risk profiles and the investment criteria, which are established in advance. Our experienced team comprises portfolio managers and research analysts who cover all global markets across Murabaha, sukuk, income assets, public equity, private equity, and real assets. The firm also partners with leading global managers to select top performing investment funds and structured products. By appointing SEDCO Capital as their manager, clients can be assured that we will always act in their best interests. We take responsibility for all day-to-day operations and administration, with the flexibility to react speedily to dynamic markets and changing economic circumstances - always within the pre-agreed scope of our client's particular investment strategy.





Supporting the Nation

Saudi Vision 2030

The firm strives to contribute as much as possible to realizing the far-reaching programs that have been established to maximize Saudi Arabia's wealth of diversified resources. The definitive example is Vision 2030, which has created a number of benefits for global multi-asset managers.

- First, it has established a roadmap by highlighting certain economic sectors that are expected to flourish and around which we expect to see increased investment activity. This has provided greater clarity for long-term planning and increased confidence in our investment decision-making.
- Another important factor is the increased transparency in reporting macro statistics - a key consideration for global investors - and heightening the inherent potential for co-investors
- Third, we believe that putting Saudi Arabia on the map so visibly will benefit Shariah-compliant investments, and therefore we feel well positioned to create value for existing and potential clients.

Our investments in specific ventures or instruments open up opportunities that have not yet been fully explored in Saudi Arabia. We believe that the evolving market environment will enable firms like SEDCO Capital to attract more foreign direct investment as a result.

As a proudly Saudi organization, SEDCO Capital supports the Kingdom's efforts to diversify its economy, providing a better future for all its people.



Supporting the Nation - CSR Initiatives



Our CSR philosophy

Corporate Social Responsibility is a core element of SEDCO Capital's organizational culture. Our CSR philosophy is based on our 'Towards Sustainability' credo and rests on the three pillars of responsibility towards our employees, the environment, and our community.

SEDCO Capital has launched programs aimed at creating a locally competitive workforce, empowering local suppliers, following responsible environmental practices, practicing high standards of corporate governance, and initiating innovative solutions for social development:



SEDCO Capital's Management Trainee Program is a key part of the firm's CSR initiatives. The program is a powerful tool for recruiting top Saudi talent and placing the successful candidates into fast-track development to help them become future leaders in the firm. It is designed to equip fresh graduates with strong leadership and technical capabilities through on-the-job training and blended learning and development.. They receive extensive coaching from top-level professionals and follow an accelerated career path with pre-defined and structured development plans. Overall, the program provides a carefully balanced mix of technical and competency-based training, with a special track for those showing high potential. SEDCO Capital regards professional training as an important corporate social - and national - responsibility, especially graduate training and preparing individuals for the business environment and new challenges that are presented as they advance from purely academic learning to the practicalities of the marketplace.



Riyali is a transformative financial literacy program launched in 2012 to help Saudi youth reach their life goals by encouraging financial responsibility and planning - a joint initiative of SEDCO Holding and SEDCO Capital. The total number of Riyali beneficiaries exceeds 1.3 million. The program offers free interactive workshops for students and young people covering in-school training in 16 cities, and training more than 5,000 teachers who act as ambassadors for the program. Riyali has broadened its remit to include entrepreneurs and help business startups overcome their financial challenges. As part of this new direction, Riyali is creating links with incubators, accelerators, and various Chambers of Commerce within the Kingdom to help empower entrepreneurs and facilitate business success. Over the coming years, Riyali will grow its reach to benefit as many as two million students and entrepreneurs across Saudi Arabia.



Highlights for the year 2023



- **Restructuring the Board of Directors:** In alignment with SEDCO Group's enduring commitment to superior governance standards and the infusion of progressive administrative acumen into our strategic deliberations, we announce the recent restructuring of our Board of Directors. This pivotal restructuring emerged from the resolutions passed at our General Assembly Meeting and manifests our forward-looking strategy for the ensuing years. Abdullah Baarmah will continue in his position as Chairman of the Board, Mr. Rayan Naqadi as Vice Chairman of the Board of Directors, and Mr. Hashem Mihdhar as an independent member. In addition to them, Khalid Al-Gwaiz joined as an independent member with long experience of more than 40 years in the field of banking services, business, and strategic management, and Mr. Ahmed Aljasser as an independent member who has extensive experience. Throughout his career, which spanned nearly 29 years, during which he rose through many leadership positions in the investment and banking sectors. In conclusion, Mr. Osama Banaja joined as a non-independent member, who currently holds the position of Chief Investment Officer at SEDCO Holding. Osama has extensive experience of more than 16 years in the field of private equity and investment banking services.
- **The new strategic direction:** Throughout 2023, SEDCO Capital began reviewing its future plan, presenting it to the Board of Directors members taking their insights. This will be done with one of the best premier global consultancy firm, This initiative was conducted to refine the company's strategic framework to better align with the evolving objectives and expectations of our stakeholders and keep pace with local and regional developments in general and the asset management sector in particular.
- **Strengthening our presence in Riyadh by launching our new office:** The company opened a new office in the city of Riyadh, with the aim of strengthening its position as an active investor and a reliable partner in the fields of economy and investment. The opening of the new office came during a special ceremony held in Diriyah, and it comes within the framework of the company's expansion plan, and a continuation of its efforts aimed at supporting the aspirations of the wise leadership - may God protect them - by contributing to the development and diversification of the national economy, and contributing to achieving qualitative achievements that are consistent with the goals of Saudi Vision 2030.
- **IT Systems and Infrastructure:** In 2023, one of SEDCO Capital's primary goals was to leverage technology and introduce technical tools to enhance customer experience and simplify operations. Currently, we are in the process of implementing an electronic platform that will allow clients to open their investment accounts faster and enable them to access reports and data. This portal is scheduled to be launched soon, which represents a milestone in our efforts to take advantage of the latest technologies to provide better service to our customers.
- **Awards 2023:**



SEDCO Capital wins the Global Islamic Finance Award 2023 in the Islamic Asset Management category - and the Market Leadership Award



SEDCO Capital CEO selected among the top 100 CEOs in the Middle East for the year 2023



Approved Resolutions During the Year and Future Plans



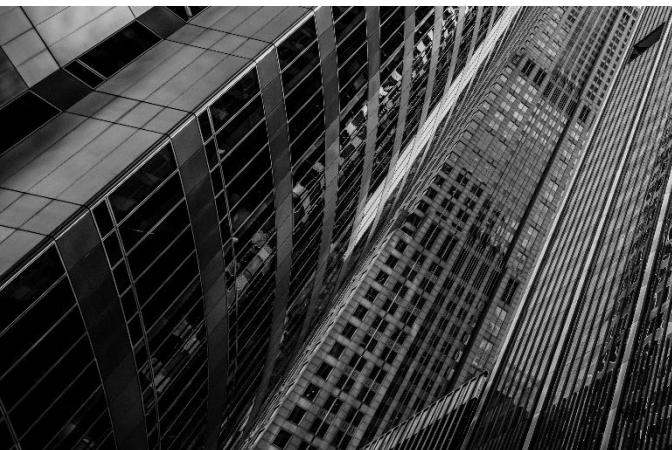
Decisions approved during the year:

- Approval of the audited financial statements for the year 2023.
- Approve the key performance indicators to be achieved in 2024.
- Approve the budget for the year 2024.
- Approve the restructuring of the Board of Directors committees
- The Board has directed management to:
 - **Expand** in investment products for regional real estate and global private equity Funds.
 - **Maintain** investment services and discretionary portfolios of local liquid asset strategies.
 - **Add new business lines** to access new investment asset classes and issuing its own products such as: endowment Funds, multi-asset Funds, and corporate finance.

In line with the company's strategic goals and aspirations for growth and development, the main priorities for the coming period are reflected in a group of initiatives and central plans centered around the following main axes:

- **Technology-Enabled Client Experience:** SEDCO Capital is actively working on the launch of a new dashboard system aimed at enhancing clients' experience and efficiency. Through technology-enabled tools, this initiative will focus on automating account opening, improving access to the electronic portal, facilitating portfolio performance monitoring, and incorporating investment reporting tools to provide comprehensive reports to clients in line with market best practices. These efforts underscore our commitment to leveraging technology to better serve our clients and meet their evolving needs.
- **Capitalizing on Saudi Vision 2030:** With KSA undergoing significant transformational change driven by the 'Saudi Vision 2030' projects and initiatives, SEDCO Capital is strategically positioning itself to capitalize on growth opportunities in various sectors. Our focus on KSA as the regional hub presents opportunities for the real estate team to explore diverse investment opportunities and built-to-suit strategies, contributing to the diversification and expansion of regional real estate activities. This strategic alignment with 'Saudi Vision 2030' underscores our commitment to contributing to the country's growth trajectory and leveraging opportunities in line with national development initiatives.
- **Diversification of Investment Scope:** SEDCO Capital is pursuing diversification of its investment scope through the exploration of new business lines, including local private equity, corporate finance, and multi-asset strategy. This strategic expansion of investment offerings reflects our commitment to enhancing our investment capabilities and accessing new growth opportunities across different asset classes.
- **Expansion of Client Base:** SEDCO Capital is looking forward to expanding its client base by marketing its products to additional client categories, including medium wealth owners and retail clients. This expansion of client outreach underscores our commitment to broadening accessibility to our investment products and services, in line with our mission to cater to a diverse range of client segments.





GOVERNANCE



Board of Directors



Abdullah Baarmah
Chairman



Mr. Baarmah joined the SEDCO Capital Board in 2010, before which he was heading the Global Fixed Income Department at NCB Capital. He commenced his career in banking as a futures trader with the National Commercial Bank's Treasury division in 1994 and went on to hold positions of responsibility in the division. He holds a degree in Business Administration from the University of Portland, Oregon, USA.

Eng. Nagadi is CEO of SEDCO Holding. He was previously an advisor to His Excellency the Minister of Finance and CEO of the National Center for Privatization. Currently Eng. Nagadi serves on the boards and executive committees of several companies. He brings more than 20 years of experience in both the public and private sectors, leading mega projects in various sectors including banking, public utilities, petrochemicals, infrastructure and building materials. He holds a Bachelor's Degree in Applied Electrical Engineering from King Fahd University of Petroleum & Minerals (KFUPM), Dhahran, Saudi Arabia.

Mr. Al-Gwaiz has more than 40 years' experience in banking, business, and strategic management. He is Chairman of the Board at Riyadh Cables, chairs the Executive Committee, and is a member of the Nomination and Remuneration Committee. Additionally, he serves on the Boards of Bawan Company and SPIMACO, a Board member, a Chairman of the Risk and Audit Committee and a member of the Executive Committee and the Nominations Committee at Alrajhi Bank. Mr Al-Gwaiz's career has included key management positions at ACWA Holding, Samba Financial Group, Arab National Bank, and the National Company for Cooperative Insurance. He received his Bachelor's degree in Urban Planning from the University of Washington in Seattle, Washington, USA.

Rayyan Nagadi
Vice Chairman



Khalid Al-Gwaiz
Board Director



Ahmed Aljasser
Board Director



Mr. Aljasser's 31-year career includes leadership roles in the investment and banking sectors, focusing on capital markets, fund management, insurance, audit, risk management, and corporate governance. He is currently Deputy Governor of the National Development Fund and is a distinguished member of the boards and committees of many public and private entities. These include the Saudi Fund for Development, Saudi Venture Capital Company, Saudi Mortgage Guarantee Services Company, Arab Sea Information Systems, and Audit committee Chairman and member in many entities such as Saudi Post, Developmental Funds and Ban, NAQEL Express, SPL Digital Services Company, and the King Abdullah Endowment for KAA & Patriots Foundation. Mr Aljasser holds a Bachelor's in Industrial Management from King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia.

Hashim Almihdar
Board Director



Mr. Almihdar is an expert in family wealth management through his work in several family offices and international companies across different sectors and industries. He has a Master's degree, a Diploma in Management, Design and Manufacturing, and a Diploma in Financial Management for Non-Financial Managers (ACCA) from Cambridge, UK. He also holds a Bachelor's in Manufacturing Systems Engineering with Management from King's College, London, UK.

Ossama Banaja
Board Director



Mr. Banaja is Chief Direct Investments Officer of SEDCO Holding. He also serves on multiple boards and executive committees. He has 16 years of experience in private equity and investment banking where he managed a variety of principal investments and served in several strategic roles including Director of Local Holdings Investments at the Public Investment Fund (PIF), Vice President of Private Equity at Jadwa Investment, and AVP of Private Equity at Partners Group.

Mr Banaja has an MBA from New York University, USA.



Executive Management Team



Samer Abu Aker
Chief Executive
Officer

Mr. Abu Aker is CEO of SEDCO Capital and brings more than 25 years' industry experience to his role. His association with SEDCO Capital spans 10 years. Apart from his responsibilities as CEO, Mr Abu Aker chairs SEDCO Capital's Investment Committee and Management Committee, where he is involved in setting the direction of the firm's governance, investment and compliance operations. Before joining SEDCO Capital, he held senior management positions with the Bank of New York (New York), Alternative Investment services (Bermuda) and Royal Bank of Canada. He is a Certified Public Accountant (CPA) and holds a BA with an accounting major from Canada's Brock University.



Abdulwahhab Abed
Chief Business
Development Officer

Mr. Abdulwahhab Abed was the Chief Business Development Officer - his latest role in a 17-year association with SEDCO Capital. He chairs the Company's Product Development Committee and sits on the Investment and Management Committees.

His long experience at SEDCO Capital makes him particularly a skilled strategy developer for private equity Funds and co-investments. His previous roles at SEDCO Capital include Head of Corporate Finance and Vice President and Director of Private Equity, where he was involved in a portfolio of almost a hundred (100) private equity investments around the world.



Ahmed Tourson
Chief Financial Officer

Mr. Tourson has been with SEDCO Capital since 2015. He previously worked with Deloitte & Touche Middle East and KPMG Saudi Arabia in independent auditing, quality assurance, and financial advisory. Mr Tourson has more than 10 years' experience in investment operations, securities, support services, auditing and financial analysis. He holds a Bachelor's in Accounting Sciences from King Fahd University of Petroleum and Minerals.



Christian Guckel
Chief Risk Officer

As Chief Risk Officer, Mr. Guckel focuses on investment research, portfolio construction and portfolio analytics. He joined the firm in 2014 and is a member of the Investment Committee, Asset Management Committee and Tactical Asset Allocation Committee. Previously, he was an Investment Director for a Swiss asset management and advisory services firm. He also served as Portfolio Manager at Man Investments' multi-manager business and with HSBC Trinkaus & Burkhardt in the Structured Solutions Group. He started his career in risk control and management with Stadtsparkasse Magdeburg. Mr Guckel has an MBA from Colorado State University and a Master's (equivalent) in Finance from Otto-von-Guericke University, Germany. He is a certified Chartered Financial Analyst, a Financial Risk Manager, Chartered Alternative Investment Analyst, and an Energy Risk Professional.



Executive Management Team



Rayan Habis
Chief Human
Resources Officer

Rayan Habis joined SEDCO Capital in 2021 as Head of Human Resources, based in Jeddah. He has more than 16 years' professional HR experience in leading private wealth management; utilities and trading services industries; active involvement and responsibilities in building policies; leading different HRM initiatives; executing mega projects in manpower resourcing and rewarding; organization development, learning and development; and employee relations. Mr Habis started his career at Rabigh Arabian Water & Electricity Company in the Human Resources Department. He then joined SEDCO Holding as Head of Organization Development & Excellence in 2014. Currently, he is a member of the Compensation & Nomination Committees for Yusr International Schools and Alshiaka. He has an MBA and a Bachelor's degree in International Business Administration.



Anas Baksh
Head of Internal Audit

Mr. Baksh joined SEDCO Capital in 2021. His experience over 15 years includes key roles in global and leading Saudi companies. His expertise spans external and internal audits, risk, control and assurance and finance. He began his auditing career with Deloitte in assurance and external auditing. This was followed by his role as a Retail Banking Financial Controller at The National Commercial Bank (NCB), before moving into NCB's Internal Audit Department with responsibility in the Finance and Risk areas. Before joining SEDCO Capital, he headed the newly established Finance Department at the Ministry of Culture (Jeddah Historical District Program). Mr Baksh is a Certified Fraud Examiner (CFE) and holds a Master's of Accounting & Information Systems degree from Middle Tennessee State University (MTSU) in the USA and a Bachelor's in Accounting from King Fahd University of Petroleum and Minerals, Saudi Arabia.



Montaser Foudah
Chief Governance and
Compliance Officer

Mr. Foudah joined SEDCO Capital in 2023 as Chief Governance and Compliance Officer. With more than 24 years' experience in investment and banking, he is a Certified Compliance Officer (CCO), Certified Wealth Manager (CWM) and Certified Financial Planner (CPFP). Before joining SEDCO Capital, he was Head of Governance, Compliance and MLR at Watani Wealth Management (2017-2023). From 2007 to 2016, he held various roles at Alkhabeer Capital, including Head of Custody and Awqaf, Deputy Chief Risk and Compliance Officer, Head of Governance and Compliance, and Vice President of Wealth Management. Mr Foudah was Acting Head of the Financial Planning and Remuneration Program Unit, and Senior Client Advisory Manager at The National Commercial Bank (2004-2007). He was an Investment Marketing Officer at Riyadh Bank from 1999 to 2003. Mr Foudah has a Bachelor's degree in Business Administration (1999) from King Abdulaziz University.



Akram Aljehani
Chief Business
Development Officer

Mr. Aljehani joined SEDCO Capital in 2023 as Chief Business Development Officer. He has more than 28 years of experience in wealth and asset management and has overseen an investor network comprising high-net-worth individuals, family offices, and institutional investors. In addition to asset management, his expertise extends to corporate and private banking. He previously served as Executive Director and Head of Wealth Management at UBS Saudi Arabia. Prior to this, he held several Executive Director positions at global financial institutions including Citi-SAMBA, Credit Suisse, Saudi Fransi Capital, and UBS Bank in London, Bahrain and the UAE. Mr Aljehani has a Master's in Marketing Management from Middlesex University, UK. He is also a member of Young Arab Leaders, the Arab Bankers Association, and the Chartered Institute of Marketing.



Guiding Principles



At SEDCO Capital, corporate governance is carried out in accordance with the following principles:

- Client commitment
- High-performance and results-driven
- Commitment to professional ethics
- Embracing accountability
- Team commitment
- Leading change

Our corporate governance policies establish bylaws for our Board of Directors, outline general corporate policies and the firm's code of conduct, and offer guidance on appointing employees as directors.

Board Committees

- Audit Committee
- Risk and Compliance Committee
- Compensation and Nomination Committee

Management Committees

- Management Committee
- Investment Committee
- Product Development Committee
- Cyclical Asset Allocation Committee
- Internal Governance Committee
- Asset Management Committee

Culture and Talent

Our organization nurtures a culture of professionalism and entrepreneurialism, underpinned by technology-enabled operations. We pride ourselves on fostering our distinctive culture to promote and instill independent and innovative thinking in every aspect of our business. We cultivate dedicated teams of investment professionals for each business segment. We invest heavily in attracting and retaining outstanding talent through competitive remuneration, continuous training, and exposure to our global partners, platforms, and opportunities.

Technology

Technology plays a major role in how we deliver value to clients. SEDCO Capital continues to invest in advancing its technological capabilities, data, and analytics to optimize operations and ensure a centralized configuration that reports information to clients accurately and timely.

Shariah Supervisory

Our Shariah Supervisory Board is an independent body of jurists responsible for directing, reviewing, and supervising the firm's investment products, services, and activities.

Shariah Supervisory Board

- Dr. Mohammed ElGari - Chairman
- Dr. Abdulaziz Al-Qassar - Member
- Dr. Mohammed Daud Bakar - Member
- Mr. Khalid Gama - Internal Shariah Advisor



Board of Directors - Meetings



SEDco Capital's Board of Directors is responsible for creating and delivering strong, sustainable financial performance and long-term value to the company's owners and clients alike. Board members also play their role together as a team, to provide strategic leadership of the company's executive management and set the values and standards to be followed. Local, regional and global financial market. SEDco Capital's Board of Directors is made up of six members, who are elected by the General Assembly for a maximum of three years with the possibility of being re-elected. The following tables shows the members of the Board of Directors during the year 2023, their classification, and their membership in the boards of directors of other companies:

Formation of the Board of Directors and Classification of its Members:

During the year 2023, there was a change in the composition of the company's Board of Directors, with the resignation of Mr. Hassan Al-Jabri, Mr. Abdulrazzak Al-Khrajij , and Mr. Abdullah Alhowaish , and the joining of Mr. Osama Banaja, who attended its first meeting on June 13, 2023, and Mr. Khalid Al-Gwaiz and Mr. Ahmed Al-Jasser, who were Their first meeting is on October 9, 2023. The company's Board of Directors consists of six members by the end of the year.

SEDco Capital's Board of Directors held four meetings during 2023, and the table below shows the dates and attendance record of these meetings:

Name	13 MAR	13 JUN	09 OCT	07 DEC	Total
Abdullah Mubark Baarmah -Chairman (Non-Executive Member)	✓	✓	✓	✓	4
Rayyan Mohammed Nagadi -Vice Chairman (Non-Executive Member)	✓	✓	✓	✓	4
Khalid Al-Gwaiz (Independent Board Member)	-	-	✓	✓	2
Ahmed Al-Jasser (Independent Board Member)	-	-	✓	✓	2
Hashim Abdullah Al-Mihdar (Non-Executive Board Member)	✓	✓	✓	✓	4
Ossama Banaja (Non-Executive Board Member)	-	✓	✓	✓	3
Hasan Al-Jabri*	✓	✓	-	-	2
Abdulrazzak Al-Khrajij *	✓	✓	-	-	2
Abdullah Alhowaish *	✓	-	-	-	1

* Former members of the Board of Directors



Membership of Board Members in Other Companies



Name	Position	Membership in Other Companies
Abdullah Mubark Baarmah Chairman	Non-Executive Board Member	<ul style="list-style-type: none"> Chairman of Al Jazeera Equipment Company Limited Board Member - Mopar Holding Company Board Member - Likmore Partners Ltd
Rayyan Mohammed Nagadi Vice Chairman	Non-Executive Board Member	<ul style="list-style-type: none"> Chairman of Al-Mahmal Facilities Services Company Vice-Chairman and Chairman of Investment Committee of SISCO Vice-Chairman of Riyali Foundation Board Member- National Infrastructure Fund Board Member- Saudi Hospitality Company Board Member - Saudi Postal and logistics company Vice-Chairman of the Executive Committee of SEDCO Holding
Khalid Al-Gwazi	Independent Board Member	<ul style="list-style-type: none"> Board Member and Chairman of Risk Committee - Al-Rajhi Bank Chairman of the Audit Committee and member of the Executive Committee and Nominations Committee- Al-Rajhi Bank Chairman of the Executive Committee and member of the Nominations Committee - Riyadh Cables Company Chairman of the Audit Committee and member of the Executive Committee and Nominations Committee - Saudi Pharmaceutical Industries Company Chairman of Nominations Committee - Bawan Company Member of the Audit Committee - EMCOR Facilities Management Company Board Member- Unique Solutions for Chemical Industries Board Member- International Union Construction Company
Ahmed Al-Jasser	Independent Board Member	<ul style="list-style-type: none"> Board Member- Saudi Fund for Development Board Member- Saudi Mortgage Guarantees Company Board Member- Saudi Venture Capital Company Board Member- Saudi Postal and logistics company Board Member- Arab Sea Information System
Hashim Abdullah Al-Mihdar	Non-Executive Board Member	<ul style="list-style-type: none"> Board Member- Red Sea Markets Company Board Member- Saudi Restaurants and pledges Company Board Member- Amoumi Development Company Board Member- Al-Mihdhar Development Company
Ossama Banaja	Non-Executive Board Member	<ul style="list-style-type: none"> Board Member- Uptown Jeddah Company Board Member- Al Jazeera Equipment Company Limited Board Member- Arabian Farms Development Company Limited Board Member- Al-Andalus Educational Company Board Member- Elaf Hotels Company Limited



The Board's Main Committees



Audit Committee

Members and Meetings

The Committee is made up of three non-executive members, who are all independent and experienced in accounting and auditing. Members are selected by the Board of Directors and the Committee reports directly to the Board of Directors regularly.

During 2023, SEDCO Capital Audit Committee held Five meetings, the table below shows the dates and attendance record of these meetings:

Name	06 MAR	06 JUN	31 OCT	28 NOV	27 DEC	Total
Ahmed Sulaiman Al Jasser - Chairman	-	-	✓	✓	✓	3
Abdelilah Ajbar	✓	✓	✓	✓	✓	5
Arsalan Farooq	-	-	✓	✓	✓	3
Abdulrazzak Mohammed Al Khrajy *	✓	✓	-	-	-	2
Mohamed El Sayed El Ayouty *	✓	✓	-	-	-	2

* Those mentioned above represent the members of the Audit Committee from January 2023 to September 18th, 2023, when the Board of Directors reconstituted the members of the committee and appointed new members on October 22, 2023. Mr.Ahmed Al-Jasser became the Chairman of the Committee, replacing Mr.Abdulrazzak Al Khrajy , and he is supported by Mr.Abdelilah Ajbar and Mr.Arsalan Farooq as members of the committee.

Responsibilities and Duties of the Audit Committee

- Supervise, monitor, direct, and ensure implementation of the audit in accordance with the approved internal policies and procedures and the governance principles in line with CMA regulations.
- Develop the efficiency of the auditing process, and monitor the corrective actions of the remarks contained therein;
- Oversee the assessment of the effectiveness of the company's internal control system, including information technology security and control;
- Submit substantive audit observations and the Committee's proposals to the Board of Directors;
- Evaluate the performance of external auditors and propose their appointment to the Board of Directors;
- Resolve any disagreements between management and the external/internal auditors regarding financial reporting and/or any other matters;
- Ensure that financial statements are understandable, transparent, and reliable;
- Discuss the annual audited financial statements and oversee the process of preparing the interim financial statements with management and the external auditors, including SEDCO Capital's disclosures;
- Perform other activities as the Board of Directors requested.



The Board's Main Committees

Risk and Compliance Committee

Members and Meetings

By the end of 2023, the committee consist of three independent members who were appointed on October 22, 2023, noting that the Risk and Compliance Committee and the Audit Committee have been merged as of the beginning of 2024. SEDCO Capital's Risk and Compliance Committee held four meetings during the year, and the table below shows the dates of these meetings and their attendance record:

Name	06 MAR	06 JUN	31 OCT	28 NOV	Total
Ahmed Sulaiman Al Jasser - Chairman	-	-	✓	✓	2
Abdelilah Ajbar	✓	✓	✓	✓	4
Arsalan Farooq	-	-	✓	✓	2
Abdulrazzak Mohammed Al Khrajij *	✓	✓	-	-	2
Mohamed El Sayed El Ayouty *	✓	✓	-	-	4
Samer Abu Aker *	✓	✓	-	-	2
Christian Guckel *	✓	✓	-	-	2
Ahmed Tourson *	✓	✓	-	-	2
Sultan Sukkar *	✓	-	-	-	1
Omar Alsayed *	-	✓	-	-	1
Anas Baksh *	✓	✓	-	-	2

* Those mentioned above represent the members of the Risk and Compliance Committee from January 2023 to September 18th, 2023, when the Board of Directors reconstituted the members of the committee and appointed new members on October 22, 2023. Mr.Ahmed Al-Jasser became the Chairman of the Committee, replacing Mr.Abdulrazzak Al Khrajij , and he is supported by Mr.Abdelilah Ajbar and Mr.Arsalan Farooq as members of the committee.





Responsibilities and Duties of Risk and Compliance Committee

- Supervise, monitor, and direct the works of Risk Management in accordance with the approved policies and procedures and the governance principles in line with CMA regulations;
- Supervise, monitor, and direct the compliance activities regarding works of securities in accordance with CMA regulations and requirements;
- Improve the efficiency of the Risk and Compliance activities and ensure that their operations are correct;
- Assist the Management in understanding and controlling risks to protect and improve the value of shareholders' investments and returns;
- Ensure that the Company's business policies comply with CMA regulations and requirements and other relevant government laws to implement the best market practices;
- Review risk management policy and procedures, compliance management, and anti-money laundering;
- Review the internal auditor's report on compliance management and anti-money laundering;
- Review compliance management, anti-money laundering, and risk management reports;
- Review the Company's compliance with the CMA laws, regulations, and requirements as well as other relevant government laws and corporate governance policies;
- Review the effectiveness of monitoring and control procedures;
- Monitor and follow up on the results of Management investigations into any act contrary to the laws and regulations as well as activities;
- Develop procedures to maintain the confidentiality of complaints about suspicious practices related to accounting, audit, or internal control procedures;
- Review the results of any Company inspection or examination made by CMA or any other government agency;
- Review core lawsuits and their impact on the Company's, business progress;
- Submit substantive remarks of the Audit and Compliance departments and the Committee's proposals to the Board of Directors.



The Board's Main Committees



Compensations and Nominations Committee

Members and Meetings

The Committee currently consists of four non-executive members, referred to below, and reports directly to the Board of Directors:

During 2023, the Compensations and Nominations Committee of SEDCO Capital held three meetings, and the table below shows the date and attendance record of the meeting:

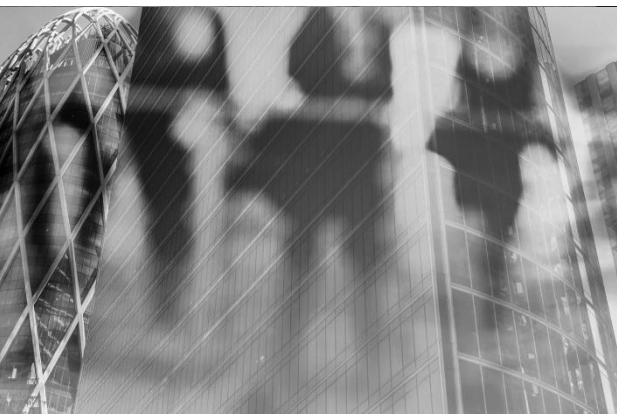
Name	28 FEB	04 JUN	28 NOV	Total
Khalid Al-Gwaiz - Chairman	-	-	✓	1
Ossama Banaja	-	-	✓	1
Thamer Al-Harhi	-	-	✓	1
Rasha Al-Darwish	✓	✓	✓	3
Hasan Al-Jabri*	✓	✓	-	2
Rania Al-Turki*	✓	✓	-	2

* Former members of the Board of Directors: Their last meeting during the year 2023 was on June 04, 2023

Responsibilities and Duties of Compensations and Nominations Committee

- Nominate potential directors of the Board to the General Assembly;
- Monitor the development of the Senior Executives;
- Monitor the recruit senior executives;
- Review and approve compensation (salaries and benefits) of the Board of Directors and Senior Executives; and
- Review and approve the compensation policy of all employees as well as workforce plans including employee development programs, replacement and succession plans;





DISCLOSURES



Subsidiaries and Controlled Funds



By end of 2023, SEDCO Capital control the following companies:

SEDCO Capital Luxembourg S.A

Company: An international Fund management company in Luxembourg

Establish place: Luxembourg

The main place of its operations: Luxembourg

Capital: SAR 621,844

SEDCO Capital's ownership percentage: 100% owned by SEDCO Capital

SEDCO Capital Cayman Limited

Company: Which advises the management of Cayman Islands-based Funds

Establish place: Cayman Islands

The main place of its operations: Cayman Islands

Capital: US\$ 6,000,000

SEDCO Capital's ownership percentage: 100% owned by SEDCO Capital

SEDCO Capital UK Limited

Company: A real estate investment services provider

Establish place: United Kingdom

The main place of its operations: United Kingdom

Capital: £175,000

SEDCO Capital's ownership percentage: 100% owned by SEDCO Capital

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SEDCO Management Limited

Company: An international Fund management company

Establish place: United Arab Emirates

The main place of its operations: United Arab Emirates

Capital: US\$ 3,790,000

SEDCO Capital's ownership percentage: 100% owned by SEDCO Capital

SC Sentinel Limited

Company: Buys and holds investments on behalf of SEDCO Capital Cayman Ltd.

Establish place: Cayman Islands

The main place of its operations: Cayman Islands

Capital: US\$ 6,000,000

SEDCO Capital's ownership percentage: 65% owned by SEDCO Capital



Businesses and Contracts with Related Persons



The following are the businesses and contracts with related persons as shown in the financial statements for the year ended on 31 December 2023:

Company / Entity Name	Nature of the Transaction	Contract Conditions	Contract Term	Transaction Amount (SAR)	Relationship
Board of Directors	Remunerations / other benefits	N/A	N/A	2,100,638	Senior Management Personnel
Executive Management	Remunerations / other benefits	N/A	N/A	28,205,718	
Saudi Economic and Development Holding Company	Advisory and management services	By Investment Agreement	3 years, renewable	19,006,307	Shareholder
	Charges for shared services	N/A	N/A	3,200,000	
Methak Investment Holding	Advisory and management services	By Investment Agreement	1 year, renewable	2,022,769	Affiliate
Elaf Hotels Company	Accommodation services	N/A	Undefined	138,945	Affiliate
Elaf for Travel and Tourism Company	Travel and tourism services	N/A	Undefined	437,034	Affiliate
Intimaa Real Estate Services Company	Office rent and other services	N/A	1 year, renewable	1,187,189	Affiliate
Private investment portfolio	Advisory and management services	By Investment Agreement	Undefined	524,215	Portfolio under management



Businesses and Contracts with Related Persons



Company / Entity Name	Nature of the Transaction	Contract Conditions	Contract Term	Transaction Amount (SAR)	Relationship
SEDCO Capital REIT Fund	Advisory and management services	Fund's Terms & Conditions	N/A	33,850,915	Fund under management
	Dividend distribution	Based on the approval of the Fund's Board of Directors	N/A	192,255	
	Payments on behalf	N/A	N/A	3,001,771	
SEDCO Capital Built-to-Suit Real Estate Fund I	Advisory and management services	Fund's Terms & Conditions	Fund's Terms & Conditions	5,625	Fund under management
SEDCO Capital Treasury Money Market Fund	Advisory and management services	Fund's Terms & Conditions	Undefined	5,348,838	Fund under management
Rikaz SEDCO Capital Fund	Advisory and management services	Fund's Terms & Conditions	N/A	3,955,500	Fund under management
Masar SEDCO Capital Real Estate Fund	Advisory and management services	Fund's Terms & Conditions	N/A	6,200,000	Fund under management
SEDCO Capital - Ajdan Fairmont Fund	Advisory and management services	Fund's Terms & Conditions	N/A	4,450,000	Fund under management
SEDCO Capital Inspire Boulevard Fund	Advisory and management services	Fund's Terms & Conditions	N/A	13,400,000	Fund under management
SEDCO Capital MASIC Fund	Advisory and management services	Fund's Terms & Conditions	N/A	11,578,866	Fund under management
SEDCO Capital Ishbilyah Fund	Advisory and management services	Fund's Terms & Conditions	N/A	200,000	Fund under management



Other Disclosures



Sanctions and Penalties

SEDCO Capital was not subject to any sanction, penalty or precautionary restriction by the Authority or any other supervisory, regulatory or judicial body during the year of 2023.

Information Relating to the Interests of Directors

The Board of Directors declares that there are no interest, contractual securities and subscription rights belonging to a member of the Board of Directors, senior executives or their relatives in the shares or debt instruments of SEDCO Capital or any of the subsidiary companies except for the following:

Name*	Position	Relation Type	No. of shares as of 01-01-2023	Ownership % as of 01-01-2023	No. of shares as of 31-12-2023	Ownership % as of 31-12-2023	Share Value (SAR)
Abdullah Mubark Baarmah	Chairman	Non-direct share	181,440	%0.6048	181,440	%0.6048	10
Hashim Abdullah Almihtar	Board Director	Non-direct share	1,935,480	%6.4516	1,935,480	%6.4516	10

*Mr. Abdullah Mubarak Baarma has a direct ownership in SEDCO Holding, while Mr. Hashim Abdullah Al Mihdar owns indirect shares in SEDCO Holding through a first-degree relative (the mother)

Deals with Related persons

There were no transactions concluded between the company and any related person during the period ended on 31 December 2023.

Arrangements or Agreements Under which a Member of the Board of Directors Waives any Rewards or Compensation

According to the internal arrangements, no remuneration is granted to a non-executive member of SEDCO Capital Board of Directors when he starts an executive position in the mother company and no remuneration was waived by the independent members of the Board of Directors



Remunerations and Compensations of the Board Directors and Senior Executives



Remunerations and Compensations of the Board Directors and Senior Executives During the Year 2023

The tables below describe the rewards and compensation paid to board members and five senior executives, including CEO and CFO:

Description	Executive Board Members*	Non-Executive Board Members	Independent Board Members	Description	Five of the senior executives who received the highest remunerations and compensations, including CEO and CFO*
Allowance for attendance of the Board of Directors' sessions	-	101,000	10,500	Salaries and wages	5,449,448
Allowance for attendance of the committees' sessions	-	12,000	58,500	Allowances	2,735,112
Periodic and annual remunerations	-	1,025,000	700,000	Periodic and annual remunerations	7,300,000
Incentive plans	-	-	-	Incentive plans	12,721,158
Any compensation or other in-kind benefits paid monthly or annually	-	91,729	101,909	Commissions	-
				Any compensations or other in-kind benefits paid monthly or annually	-
Total		1,229,729	870,909	Total	28,205,718

*As members of the Board of Directors.

*Amounts in Saudi Riyals





FINANCIAL RESULTS



Summary of SEDCO Capital's Consolidated Financial Results



Summary of SEDCO Capital's Consolidated Financial Results

The table below shows a summary of the audited consolidated financial results for the fiscal year ending on December 31, 2023, compared to the years from 2019 to 2022:

Description	2023	2022	2021	2020	2019
Total Revenues	198,592,476	125,442,143	158,046,289	106,220,648	136,648,527
Total Operating Expenses	160,571,871	96,103,003	119,213,172	81,483,461	98,037,820
Operating Income	38,020,605	29,339,140	38,833,117	24,737,187	38,610,707
Net Income	32,840,918	29,409,196	33,362,975	16,858,840	32,258,144
Total Assets	475,445,129	418,675,843	438,036,447	386,354,285	395,891,661
Total Liabilities	111,265,917	70,074,180	101,657,860	72,979,033	74,645,946
Total Shareholders' Equity	364,179,212	348,601,663	336,378,587	313,375,252	321,245,715

Amounts in Saudi Riyals

Auditor's Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as of 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year ending on that date in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").



Summary of SEDCO Capital's Consolidated Financial Results



Reservations in the Auditor's Report on Financial Statements

There are no reservations about the 2023 financial statements.

Core Differences in Operating Results

The differences in the results of the company's operational activities for the year 2023 when compared to the results of the previous fiscal year were due to the following reasons:

- Revenues related to performance fees for private investment portfolios and related expenses
- Revenues related to real estate investment funds established during the year 2023 and related expenses

Loan information

During the financial year ended on 31 December 2023, the Board of Directors acknowledges that there are no loans obtained by the Company, whether payable on demand or otherwise.





INTERNAL CONTROL
AND RISK
MANAGEMENT





The results of SEDCO Capital Internal Control System's Annual Review

The Internal Audit Department at SEDCO Capital is responsible for reviewing the effectiveness of the company's internal control system. The Internal Audit Department carries out the company's audits and reviews as an independent function reporting directly to the Audit Committee at SEDCO Capital with the following mandates:

- Periodical review and assessments over SEDCO Capital departments' operations, their compliance with the regulators' requirements, and the defined policies and procedures.
- Evaluate the efficiency and effectiveness of the existing controls to safeguard the company's assets.
- Recommend appropriate controls to reduce or mitigate risks.
- Provide advisory services at the request of the Board of Directors, the Audit Committee, or the top management.
- Conduct fact-finding operations for fraud or corruption cases, or any special inspection at the request of the Audit Committee.

During 2023, the Internal Audit Department reviewed the Company's operations in accordance with the approved Audit Plan by the Audit Committee to ensure the effectiveness and efficiency of the Company's internal control systems. As a result of the audits carried out, no significant weaknesses in the Company's internal control systems were discovered. The Internal Audit Department has completed all assignments according to 2023 approved Audit Plan and is following-up the raised observations.

Audit Committee's Opinion on the Internal Control System Adequacy

The Internal Audit Department follows a risk-based audit approach. All audit tasks have been completed for the year 2023, and detailed reports have been issued to the Audit Committee on observations related to the effectiveness and efficiency of control procedures. The internal audit process plays a vital role in evaluating the effectiveness and efficiency of internal controls by implementing an annual review plan established based on the results of the company's departmental and business risk assessment process and then by proposing enhancements to the control procedures.

The Audit Committee evaluates the effectiveness of the internal control system in achieving its objectives. This includes reviewing the design and implementation of controls to ensure they adequately address risks to the organization and in accordance with regulations. The Committee oversees the Company's compliance with the code of professional conduct to ensure the proper execution of its duties in accordance with the powers delegated by the Board. The committee also monitors the timely implementation of the recommended controls.

Based on the results of the conducted audit engagements by the Internal Audit Department, the Committee has not discovered any significant gaps in the control system of the company, taking into consideration that any internal control system, regardless of its sound design and effectiveness cannot provide absolute assurance.





SEDCO Capital's Risk Management

Risk is inherent in all businesses and is therefore present within SEDCO Capital's activities. SEDCO Capital's Risk Management process seeks to effectively identify, quantify, monitor, and manage each of its risks and actively promotes a risk awareness culture throughout the organization.

Risk Governance Structure

Risk management at SEDCO Capital is overseen by the Board of Directors through the Risk and Compliance Committee, which aids in identifying and managing material risks. The company employs a formal risk management process supported by policies, detailed procedures, and documentation to ensure consistency and clarity in addressing significant risks affecting the organization.

Risk Management Framework

SEDCO Capital's risk management framework encompasses processes for managing various risks, including market, credit, interest/profit rate, liquidity, operational, strategic, and reputational risks.

Aligned with CMA guidelines, this framework ensures effective risk management across the company. Activities generating risk are identified, measured, managed, and monitored within this proven methodology.

The risk management framework supports the achievement of strategic objectives, which cover strengthening the capital base, growing assets under management, enhancing the company's profile with investors, and bolstering its reputation as an ESG and Shariah-compliant investor.

Scope and Nature of Risk Reporting and Measurement Systems

The primary aim of risk management at SEDCO Capital is to safeguard the company from losses that could jeopardize its viability. Internal control deficiencies are promptly reported and addressed by appropriate management and committees.

The company conducts periodic reviews of its risk limitations to ensure alignment with organizational changes. Risk management policies and procedures undergo continuous review and updating, encompassing objectives, strategies, and changes pertaining to products, personnel, processes, and systems.





Risk Management Process and Major Risk Categories

SEDCO Capital acknowledges its exposure to diverse risks and addresses them through a defined risk appetite, enabling the identification and management of both risks and opportunities. The risk appetite isn't about eliminating all risks but about judiciously accepting risks aligned with management's expertise while mitigating risks in other areas. This approach empowers the company to strategically accumulate risk while ensuring alignment with organizational objectives.

SEDCO Capital performs detailed assessments of three primary risks - credit, market, and operational - which are periodically monitored for effective risk management.

1- Market Risk

Market risk at SEDCO Capital arises from fluctuations in interest rates, foreign exchange rates, and asset prices. The company's exposure to such risks is limited by its fiduciary asset management approach, abstention from proprietary trading, and non-involvement in underwriting financial instruments. Market risk is managed through regular stress tests and scenario analyses.

In 2023, inflation and Federal Reserve policy dominated the landscape, prompting extensive investment and scenario assessments by SC Risk Management to gauge portfolio impacts. Liquidity risk analysis was conducted to mitigate potential illiquidity risks, and extreme redemption scenarios were also considered for portfolio stress testing.

2- Credit Risk

Credit risk at SEDCO Capital stems from potential counterparty default, client fee non-receipt, and adverse financial outcomes linked to changes in third-party credit spreads.

The SEDCO Capital Investment Committee (SCIC) oversees the formulation, review, and monitoring of the company's investment policies.

Risk management policies and processes are implemented to identify, analyze, and control risks, with regular review and monitoring of counterparty exposure against established limits. Additionally, measures are in place to mitigate settlement delays for client fees.

3- Operational Risk

Operational risk at SEDCO Capital encompasses potential losses arising from internal process failures, external events, and changes in regulations. It is the primary source of risk faced by the company, particularly in investment processes, distribution channels, product development, and information technology, including cybersecurity.

SEDCO Capital implements robust risk management principles, internal controls, and processes to assess and address identified risks promptly.

Business Continuity Plans (BCP) are established and regularly tested to ensure critical operations continue during disruptive events like pandemics. Additionally, the company has a comprehensive plan, including enhanced monitoring, to manage cybersecurity risks effectively.





BOARD OF DIRECTORS
RECOMMENDATION



Board of Directors Recommendations



Board of Directors' Recommendation for Dividends to Shareholders

The Board of Directors recommended a cash dividend of SAR 17,690,000 (SAR 0.885 per share) to the shareholders, for the year 2023, accounting for 8.85% of the Company's capital. Below is a detailed table of the shareholders, percentages of ownership, along with their shares of the dividends.

Shareholder Name	Shareholding Percentage	Value (SAR)
Saudi Economic and Development Holding Company	%96	16,982,400
Ehkam International Real Estate Company, Ltd	%1	176,900
Ta'aki International Real Estate Company, Ltd	%1	176,900
Ta'adiyah International Real Estate Company, Ltd	%1	176,900
Rushd International Real Estate Company, Ltd	%1	176,900
Total	%100	17,690,000



Conclusion

At the end of this report, the Board of Directors of SEDCO Capital is pleased to extend its sincere thanks and gratitude to the Custodian of the Holy Mosques, King Salman bin Abdulaziz Al Saud and to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince, Vice Prime Minister and Minister of Defense, and to the Government of the Custodian of the Holy Mosques for the facilities they all provide to create an attractive business community for investors and to make the Kingdom a major destination for regional and foreign capital investments.

The Board also extends its thanks and appreciation to the Capital Market Authority (CMA), which is exerting all efforts to support the financial services industry in the Kingdom and effectively contributing to the prosperity of the national financial sector despite the major challenges facing all economies across the world.

The Board of Directors extends its sincere gratitude to the shareholders of the Company for their continued confidence and support for the business strategies set by the Company, and to the Company's clients constituting one of the most important and strong assets to the Company's continued success. In conclusion, we thank all the employees for their dedication and efficiency, which were and remain the main driver to achieve the outstanding results for the year 2023.

Board of Directors of Saudi Economic and Development Securities Company (SEDCO Capital)

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