

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
Condensed interim financial statements (Unaudited)
For the six-month period ended 30 June 2023
together with the
Independent Auditor's Review Report to the Unitholders

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)
For the six-month period ended 30 June 2023

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KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي ام جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Unitholders of KAMCO Saudi Equity Fund

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of **KAMCO Saudi Equity Fund** (the "Fund"), managed by KAMCO Investment Company (the "Fund Manager") which comprises:

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of comprehensive income for the six-month period ended 30 June 2023;
- the condensed statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2023;
- the condensed statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority and the Fund's Terms and Conditions. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed interim financial statements of KAMCO Saudi Equity Fund are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Saleh Mohammed S Mostafa

License No.: 524

Riyadh, 2 August 2023

Corresponding to 15 Muharram 1445H



KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023
(Saudi Arabian Riyals)

| | <i>Note</i> | 30 June 2023 (Unaudited) | 31 December 2022 (Audited) |
|---|-------------|---|----------------------------------|
| <u>Assets</u> | | | |
| Cash and cash equivalents | 7 | 43,397,561 | 21,907,833 |
| Investments at fair value through profit or loss | 6 | 896,096,000 | 819,963,000 |
| Receivables from broker | 8 | -- | 23,707,731 |
| Total assets | | <u>939,493,561</u> | <u>865,578,564</u> |
| <u>Liabilities</u> | | | |
| Payables to broker | 8 | -- | 10,297,096 |
| Management fee payable | 9 | 682,601 | 636,171 |
| Accrued expenses and other liabilities | | 234,851 | 233,650 |
| Total liabilities | | <u>917,452</u> | <u>11,166,917</u> |
| Net assets (equity) attributable to the Unitholders: | | | |
| - Class A | | <u>21,555,465</u> | <u>19,750,632</u> |
| - Class B | | <u>917,020,644</u> | <u>834,661,015</u> |
| Units in issue (numbers): | | | |
| - Class A | | <u>52,925</u> | <u>52,975</u> |
| - Class B | | <u>2,163,890</u> | <u>2,163,890</u> |
| Net assets (equity) value per unit: | | | |
| - Class A | | <u>407.2805</u> | <u>372.8268</u> |
| - Class B | | <u>423.7834</u> | <u>385.7225</u> |

The accompanying notes 1 to 14 form an integral part of these condensed interim financial statements.

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

| | <i>Note</i> | For the six-month period ended 30 June | |
|--|-------------|---|--|
| | | <u>2023</u> (Unaudited) | <u>2022</u> (Unaudited) |
| <u>Income</u> | | | |
| Gain from investments, net | 6.1 | 75,499,767 | 24,092,271 |
| Dividend income | | 14,552,773 | 10,058,490 |
| Other income | | 1,003 | 3 |
| Total income | | <u>90,053,543</u> | <u>34,150,764</u> |
| <u>Expenses</u> | | | |
| Management fee | 9 | 3,393,349 | 3,745,078 |
| Transaction cost | | 872,777 | 1,733,512 |
| Other expenses | 10 | 1,604,960 | 1,732,760 |
| Total expenses | | <u>5,871,086</u> | <u>7,211,350</u> |
| Profit for the period | | 84,182,457 | 26,939,414 |
| Other comprehensive income for the period | | -- | -- |
| Total comprehensive income for the period | | <u>84,182,457</u> | <u>26,939,414</u> |

The accompanying notes 1 to 14 form an integral part of these condensed interim financial statements.

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

| | For the six-month period ended 30 June | |
|---|---|----------------------------|
| | <u>2023</u> (Unaudited) | <u>2022</u> (Unaudited) |
| Net assets (equity) attributable to the Unitholders at the beginning of the period | 854,411,647 | 885,082,336 |
| Total comprehensive income for the period: | | |
| Profit for the period | 84,182,457 | 26,939,414 |
| Other comprehensive income for the period | -- | -- |
| Total comprehensive income for the period | 84,182,457 | 26,939,414 |
| Contributions and redemptions by the Unitholders during the period: | | |
| Value of units issued during the period - Class A | -- | 830,247 |
| Value of units redeemed during the period - Class A | (17,995) | (41,662) |
| Contributions by the Unitholders, net during the period | (17,995) | 788,585 |
| Net assets (equity) attributable to the Unitholders at the end of the period | 938,576,109 | 912,810,335 |

Units transactions (numbers):

Transactions in units for the six-month period ended 30 June are summarised as follows:

| | <i>Note</i> | For the six-month period ended 30 June | |
|--|-------------|---|----------------------------|
| | | (in Units) | |
| | | <u>2023</u> (Unaudited) | <u>2022</u> (Unaudited) |
| Class A: | | | |
| Units at the beginning of the period | | 52,975 | 51,178 |
| Units issued during the period | 9 | -- | 1,993 |
| Units redeemed during the period | 9 | (50) | (93) |
| Net change in units during the period | | (50) | 1,900 |
| Units at end of the period | | 52,925 | 53,078 |
| Class B: | | | |
| Units at the beginning of the period | | 2,163,890 | 2,163,890 |
| Net change in units during the period | | -- | -- |
| Units at end of the period | | 2,163,890 | 2,163,890 |

The accompanying notes 1 to 14 form an integral part of these condensed interim financial statements.

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
CONDENSED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

| | For the six-month period ended 30 June | | |
|--|---|----------------------------|----------------------------|
| | <i>Note</i> | <u>2023</u> (Unaudited) | <u>2022</u> (Unaudited) |
| Cash flows from operating activities | | | |
| Profit for the period | | 84,182,457 | 26,939,414 |
| <i>Adjustments for:</i> | | | |
| Gain from investments, net | 6.1 | <u>(75,499,767)</u> | <u>(24,092,271)</u> |
| | | 8,682,690 | 2,847,143 |
| Changes in operating assets and liabilities: | | | |
| Receivables from broker | | 23,707,731 | (10,126,490) |
| Payables to broker | | (10,297,096) | 390,640 |
| Management fee payable | | 46,430 | 37,171 |
| Accrued expenses and other liabilities | | <u>1,201</u> | <u>7,079</u> |
| | | 22,140,956 | (6,844,457) |
| Purchase of investments at fair value through profit or loss | | (447,660,868) | (991,941,576) |
| Proceeds from sale of investments at fair value through profit or loss | | <u>447,027,635</u> | <u>904,124,247</u> |
| Net cash from / (used in) operating activities | | <u>21,507,723</u> | <u>(94,661,786)</u> |
| Cashflows from financing activities | | | |
| Receipt from subscription of units | | -- | 830,247 |
| Payment against redemption of units | | <u>(17,995)</u> | <u>(41,662)</u> |
| Net cash (used in) / from financing activities | | <u>(17,995)</u> | <u>788,585</u> |
| Net increase / (decrease) in cash and cash equivalents | | 21,489,728 | (93,873,201) |
| Cash and cash equivalents at beginning of the period | | <u>21,907,833</u> | <u>169,129,419</u> |
| Cash and cash equivalents at the end of the period | 7 | <u>43,397,561</u> | <u>75,256,218</u> |

The accompanying notes 1 to 14 form an integral part of these condensed interim financial statements.

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

1. REPORTING ENTITY

KAMCO Saudi Equity Fund (the “Fund”) is an open-ended Saudi Riyal denominated investment fund created by agreement between KAMCO Investment Company (the “Fund Manager”) and investors (the “Unitholders”) in the Fund. The objective of the Fund is long-term capital growth through investment in equities traded on the Saudi Stock Exchange (“Tadawul”).

The Fund was established on 21 Dhul Qadah 1429H (corresponding to 19 November 2008) per approval from the Capital Market Authority (“CMA”) and commenced its operations on 28 January 2009. As approved by CMA, in response to letter No. T.N.264 dated 29 December 2019, the existing units in the Fund were converted to two different classes i.e. “Unit Class A” and “Unit Class B” effective from 9 January 2020.

HSBC Securities Limited is the custodian of the Fund as per the terms and conditions of the Fund. The Fund Manager is also the registrar and administrator of the Fund.

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

The Fund Manager’s registered address is as follows:

Mazaya Tower
King Saud Street
P.O Box 66930
Riyadh 11586
Kingdom of Saudi Arabia.

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Funds Regulations (the “Regulations”) issued by Capital Market Authority on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended on 16 Sha’ban 1437 H (corresponding to 23 May 2016).

The Regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations came into effect from 19 Ramadan 1442 H (corresponding to 1 May 2021). Accordingly, the Fund has amended their terms and conditions in accordance with the Amended Regulations.

3. SUBSCRIPTION / REDEMPTION OF UNITS

The Fund is open for subscriptions / redemptions with a cutoff time of 12:00 pm on Sunday and Tuesday (each a “Dealing day”). The net assets attributable to the Unitholders of the Fund’s portfolio is published on Monday and Wednesday. The net assets attributable to the Unitholders of the Fund for the purpose of subscription / redemption of units is determined by dividing the net assets attributable to the Unitholders of the Fund (fair value of the Fund’s assets minus the Fund’s liabilities) by the total number of the Fund’s units outstanding on the relevant dealing day.

4. BASIS OF ACCOUNTING

a) *Statement of compliance*

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and in compliance with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority and the Fund’s Terms and Conditions.

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

4. BASIS OF ACCOUNTING (CONTINUED)

a) *Statement of compliance (continued)*

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Fund's annual financial statements as at and for the year ended 31 December 2022.

b) *Basis of measurement*

These condensed interim financial statements have been prepared on a historical cost convention, except for measurement of investments at fair value through profit or loss ("FVTPL") at fair value, using the accrual basis of accounting and the going concern concept. The interim results may not be indicative of the Fund's annual results of operations.

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 condensed statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

c) *Functional and presentation currency*

These condensed interim financial statements have been presented in Saudi Arabian Riyals ("SAR"), which is the functional and presentation currency of the Fund.

d) *Use of estimates and judgments*

In preparing these condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The significant assumptions made by the Fund Manager in applying the Fund's accounting policies and the key sources of estimation uncertainty are consistent with those used in the preparation of the annual financial statements as at and for the year ended 31 December 2022.

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements as at and for the year ended 31 December 2022.

a) *New standards, amendments and interpretations applicable from 1 January 2023:*

Following new standards, amendments and revisions to existing standards and interpretations which were issued by the International Accounting Standards Board (IASB) have been effective for reporting periods commencing on or after 1 January 2023 and accordingly adopted by the Fund, as applicable:

- IFRS 17: Insurance contracts;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies;
- Amendments to IAS 8: Definition of accounting estimate; and
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction.

The Fund Manager has assessed that the adoption of these new or amended standards and interpretations applicable to the Fund did not have any significant impact on these condensed interim financial statements.

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
 Managed by KAMCO Investment Company
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New standards, amendments and interpretations issued but not yet effective:

New standards, amendments and revisions to existing standards and interpretations issued but not yet effective up to the date of issuance of the Fund's condensed interim financial statements are listed below. The Fund intends to adopt these standards when they become effective:

| Effective date | New standards, amendments or interpretations |
|----------------|---|
| 1 January 2024 | <ul style="list-style-type: none"> • Amendments to IAS 1: Noncurrent liabilities with covenants; • Amendments to IAS 1: Classification of liabilities as current or non-current; and • Amendments to IFRS 16: Lease liability in a sale and leaseback; |

The Fund Manager anticipates that the application of these new standards and amendments in the future will not have significant impact on the Fund.

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June 2023 (Unaudited) | 31 December 2022 (Audited) |
|--|---|----------------------------------|
| Investments at fair value through profit or loss | <u>896,096,000</u> | <u>819,963,000</u> |

6.1 Below are the details of gain / (loss) from investments, net for the six-month period ended 30 June:

| | For the six-month period ended 30 June | |
|--|---|----------------------------|
| | <u>2023</u> (Unaudited) | <u>2022</u> (Unaudited) |
| Realized gain on investments at fair value through profit or loss | 26,558,378 | 56,935,814 |
| Unrealized gain / (loss) on investments at fair value through profit or loss | <u>48,941,389</u> | <u>(32,843,543)</u> |
| | <u>75,499,767</u> | <u>24,092,271</u> |

6.2 Investments at fair value through profit or loss are investments in equity securities that are held-for-trading and listed on Tadawul. Following is the sectoral exposures as at reporting date:

| <u>Sectors</u> | <u>% of fair value</u> | <u>Fair value</u> | <u>Carrying value</u> | <u>Unrealised gain</u> |
|---|----------------------------|---------------------------|---------------------------|----------------------------|
| <u>30 June 2023 (Unaudited):</u> | | | | |
| Financials | 51.49 | 461,388,000 | 451,699,332 | 9,688,668 |
| Energy | 15.30 | 137,062,500 | 124,397,805 | 12,664,695 |
| Materials | 11.71 | 104,941,500 | 100,642,675 | 4,298,825 |
| Real Estate | 6.27 | 56,199,000 | 51,704,028 | 4,494,972 |
| Communication Services | 5.58 | 50,025,000 | 42,139,790 | 7,885,210 |
| Consumer Staples | 4.06 | 36,420,000 | 33,449,153 | 2,970,847 |
| Health Care | 2.43 | 21,780,000 | 18,207,581 | 3,572,419 |
| Consumer Discretionary | 1.90 | 17,010,000 | 13,856,228 | 3,153,772 |
| Utilities | 1.26 | 11,270,000 | 11,058,019 | 211,981 |
| Total | 100 | <u>896,096,000</u> | <u>847,154,611</u> | <u>48,941,389</u> |

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
 Managed by KAMCO Investment Company
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

| <u>Sectors</u> | <u>% of fair value</u> | <u>Fair value</u> | <u>Carrying value</u> | <u>Unrealised gain / (loss)</u> |
|------------------------------------|------------------------|--------------------|-----------------------|---------------------------------|
| <u>31 December 2022 (Audited):</u> | | | | |
| Financials | 45.80 | 375,522,500 | 439,270,144 | (63,747,644) |
| Materials | 15.65 | 128,356,500 | 152,651,964 | (24,295,464) |
| Energy | 14.68 | 120,375,000 | 131,111,482 | (10,736,482) |
| Communication Services | 7.61 | 62,360,000 | 70,090,782 | (7,730,782) |
| Consumer Discretionary | 5.12 | 41,999,000 | 46,335,287 | (4,336,287) |
| Real Estate | 4.79 | 39,244,000 | 45,602,743 | (6,358,743) |
| Industrials | 3.93 | 32,251,000 | 34,626,936 | (2,375,936) |
| Health Care | 2.42 | 19,855,000 | 17,356,243 | 2,498,757 |
| Total | <u>100</u> | <u>819,963,000</u> | <u>937,045,581</u> | <u>(117,082,581)</u> |

7. CASH AND CASH EQUIVALENTS

| | <u>Note</u> | 30 June 2023 (Unaudited) | 31 December 2022 (Audited) |
|-------------------------|-------------|---|----------------------------------|
| Cash in trading account | 7.1 | <u>43,397,561</u> | <u>21,907,833</u> |

7.1 This balance is maintained with the custodian and is used to conduct investment transactions. Cash is held in a client account with a local bank having an investment grade credit rating.

8. RECEIVABLES FROM AND PAYABLES TO BROKER

This represents receivables from broker and payables to broker for sale and purchase trades that were executed immediately before the end of the period.

9. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund include the Fund Manager, Parent of the Fund Manager and the Fund Board. In the ordinary course of its activities, the Fund transacts with the Fund Manager (Note 1).

Management fee

The Fund pays management fees to the Fund Manager calculated at an annual rate of 1.75% of the net assets (equity) value for Class A and 0.75% of the net assets (equity) value for Class B. The said fee is accrued on a daily basis.

Administration fee

The Fund also pays an administration fee to the Fund Manager calculated at an annual rate of 0.13% of the net assets (equity) value accrued on a daily basis.

KAMCO SAUDI EQUITY FUND
An open-ended mutual fund
Managed by KAMCO Investment Company
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

9. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

In addition to the transactions disclosed elsewhere in the financial statements, transactions with related parties for the periods ended 30 June are as follows:

| <u>Related party</u> | <u>Nature of transactions</u> | For the six-month period ended 30 June | |
|---|-----------------------------------|---|----------------------------|
| | | <u>2023</u> (Unaudited) | <u>2022</u> (Unaudited) |
| The Fund Manager – KAMCO Investment Company | Management fees excluding VAT | <u>3,393,349</u> | <u>3,745,078</u> |
| | Administration fees excluding VAT | <u>570,654</u> | <u>629,781</u> |
| The Fund Board | Meetings fees | <u>4,918</u> | <u>9,918</u> |

The Unitholders' transactions for the periods ended 30 June are as follows:

| <u>Related party</u> | <u>Nature of transactions</u> | For the six-month period ended 30 June | |
|---|---------------------------------|---|----------------------------|
| | | <u>2023</u> (Unaudited) | <u>2022</u> (Unaudited) |
| | | ----- Numbers ----- | |
| Parent of the Fund Manager - KAMCO Investment Kuwait* | Subscription of units – Class A | -- | 1,993 |
| | Redemption of units – Class A | -- | (93) |

Outstanding balances with related parties are as at reporting date are as follows:

| <u>Related party</u> | <u>Nature of transactions</u> | <u>30 June</u> <u>2023</u> (Unaudited) | 31 December <u>2022</u> (Audited) |
|----------------------|-------------------------------|--|---|
| | | The Fund Manager – KAMCO Investment Company | Management fees payable |
| | Administration fees payable | <u>114,801</u> | <u>106,972</u> |
| The Fund Board | Fund Board fee | <u>9,918</u> | <u>10,000</u> |

The Unitholders' account as at reporting date included the following:

| <u>Units held by:</u> | <u>30 June</u> <u>2023</u> (Unaudited) | 31 December <u>2022</u> (Audited) |
|---|--|---|
| | The Fund Manager | |
| - Class A | <u>45,908</u> | <u>45,908</u> |
| - Class B | <u>--</u> | <u>--</u> |
| Parent of the Fund Manager – KAMCO Investment Kuwait* | | |
| - Class A | <u>6,967</u> | <u>6,967</u> |
| - Class B | <u>2,163,890</u> | <u>2,163,890</u> |

* These investments have been made by the Parent of the Fund Manager on behalf of their clients.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2023
(Saudi Arabian Riyals)

10. OTHER EXPENSES

| | For the six-month period 30 ended | |
|-----------------------------|--|--------------------|
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) |
| Administration fee (Note 9) | 570,654 | 629,781 |
| Custody fee (Note 10.1) | 339,612 | 341,409 |
| Others (Note 10.2) | 694,694 | 761,570 |
| | 1,604,960 | 1,732,760 |

10.1 The Fund pays a custody fee to the custodian calculated at an annual rate of 0.13% on the portfolio value of the Fund, accrued on a daily basis, payable on a monthly basis, and is subject to the respective monthly minimum fee.

10.2 This includes VAT on fees and expenses amounting to SAR 650,825 (30 June 2022: SAR 712,723).

11. FAIR VALUE MEASUREMENT

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

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

When available, the Fund measures the fair value of an instrument using the quoted prices 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 as per the official closing price in the related stock exchange where the instrument is traded.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

Valuation models

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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11. FAIR VALUE MEASUREMENT (CONTINUED)

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and where the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund values equity securities that are traded on an approved stock exchange at their last reported prices. To the extent that equity securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy, hence the Fund's assets recorded at fair value have been categorized based on fair value hierarchy Level 1.

Listed equity securities are valued using quoted prices in an active market for an identical instrument (Level 1 measurement).

Carrying amounts and fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The following table shows the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value:

| | Carrying value | ----- Fair value ----- | | | Total |
|--|--------------------|------------------------|-----------|-----------|--------------------|
| | | Level 1 | Level 2 | Level 3 | |
| 30 June 2023 | | | | | |
| (Unaudited) | | | | | |
| Investment at fair value through profit or loss | <u>896,096,000</u> | <u>896,096,000</u> | <u>--</u> | <u>--</u> | <u>896,096,000</u> |
| | | | | | |
| 31 December 2022 | | | | | |
| (Audited) | | | | | |
| Investment at fair value through profit or loss | <u>819,963,000</u> | <u>819,963,000</u> | <u>--</u> | <u>--</u> | <u>819,963,000</u> |

There were no inter-level transfers during the period.

Other financial instruments include cash and cash equivalents, receivables from and payables to broker, management fee payable and accrued expenses. The gross carrying amounts of these financial instruments approximate fair value, because of their short tenure.

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12. FINANCIAL RISK MANAGEMENT

The Operations Department is primarily responsible for identifying and controlling risks. The Fund Board supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund.

The Fund has exposure to the following risks from financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risks; and
- d) operational risk.

The risk management framework and policies of the Fund are consistent with those used and disclosed in the annual financial statements of the Fund as at and for the year ended 31 December 2022.

13. LAST VALUATION DAY

The Fund's units are valued on Sunday and Tuesday and the unit price is announced on the following business day. The last valuation day for the purpose of preparation of these financial statements was 30 June 2023 (2022: 30 June 2022).

14. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements of the Fund were approved by the Fund's Board on 14 Muharram 1445H (corresponding to 1 August 2023).