

Jadwa Arab Markets Equity Fund

2023 Annual Report



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Investment Fund Information

Fund Name

Jadwa Arab Markets Equity Fund

Benchmark

S&P Pan Arab Shariah Index (TR)

Index levels are based on the total float-adjusted market value of index constituents relative to a base period. Index returns include the reinvestment of dividends, if applicable. www.spice-indices.com

Inception Date

Unit Class 'A': March 22, 2018G

Unit Class 'B': June 30, 2007G

Unit Class 'C': March 22, 2018G

Unit Class 'D': February 24, 2020G

Investment Objective and Policies

Jadwa Arab Markets Equity Fund, an open-ended equity fund, aims to provide long-term capital growth for unitholders by investing in the Pan Arab equity markets and in shares of Pan Arab companies or any of their subsidiaries listed on any other stock market in accordance with Shariah investment guidelines.

The below summarizes the investment policy.

The Fund aims to invest its assets in any of the following:

- A) Shares of Pan Arab Stock Market-listed companies or of any of their subsidiaries listed on any other stock market;
- B) IPOs, secondary issuances, and rights issues to increase the capital of Pan Arab Companies that are listed or to be listed on the Pan Arab Stock Market, or that are listed or to be listed on any other global market, and any other related financial instruments;
- C) Other similar Pan Arab funds;
- D) Fund Manager may invest all assets in short-term Murabaha agreements in the following cases for example but not limited to:
 - a. Lower performance by Pan Arab Stock Market; and
 - b. Diversification of the Fund's investments to make use of money market returns;
- E) The Fund Manager may reduce the minimum investment in shares of Pan Arab -listed Companies, IPOs, secondary offerings and Rights issues from 30% to 0% in the following cases:
 - a. The financial markets are likely to plunge due to the economic conditions globally or regionally;
 - b. The financial markets likely to plunge due to the poor political conditions globally or regionally;
 - c. Lack of attractive investment opportunities;
 - d. Any reason deemed by the Fund Manager to protect the interest of Investors, which may include the bankruptcy declaration by any leading local company, or a large bank, or in the case of sharp deterioration in any of the regional economies which would directly or indirectly impact Fund investments.



Distribution of Income and Gain Policy

Dividends and/or income are reinvested in the Fund and not paid out or distributed to investors.

Fund Manager

Jadwa Investment Company
A Saudi Closed Joint Stock Company (registration no. 1010228782, Licensed by Capital Market Authority under license number 37-6034

Head Office: P.O.Box 60677, Riyadh 11555, Saudi Arabia. Phone +966 11 279-1111 Fax +966 11 279-1571

Jadwa Investment Company has been managing the Jadwa Arab Markets Equity Fund since its inception.

Sub Fund Manager or Investment Advisor (if any)

The fund has no sub fund manager or investment advisor.

Fund Custodian

HSBC Saudi Arabia Limited
A Saudi Closed Joint Stock Company (registration no. 1010221555, Licensed by Capital Market Authority under license number 05008-37

Head Office: 7267 Olaya – AlMurooj, Riyadh 12283-2255, Saudi Arabia. Phone +966 920005920 Fax +966 11 299 2385

The custodian performs all mandatory functions as per the Investment Fund Regulations which specifically include taking custody and protecting fund assets on behalf of all unitholders and for taking all required administrative measures in regards to the custody of the fund's assets.

Fund Auditor

KPMG Professional Services (previously known as KPMG Al Fozan & Partners Certified Public Accountants)
Riyadh Front, Airport Road
P.O. BOX 92876
Al Riyadh 11663
Kingdom of Saudi Arabia
Website: www.kpmg.com

Fund Operator

Jadwa Investment Company
A Saudi Closed Joint Stock Company (registration no. 1010228782, Licensed by Capital Market Authority under license number 37-6034

Head Office: P.O.Box 60677, Riyadh 11555, Saudi Arabia. Phone +966 11 279-1111 Fax +966 11 279-1571

Jadwa is acting as the Fund Operator of Jadwa Arab Markets Equity Fund and is responsible to handle all duties and responsibilities as outlined in the IFR, some of which include maintaining the books and records of the fund, records of all units issued and cancelled as well as the outstanding balance in a unit holding register while ensuring that all guidelines related to record keeping are adhered to.



As of December 31 st	Net Asset Value (SAR)	Net Asset Value per Unit (SAR)			Number of Units	Expense Ratio (%)
		Ending	Highest	Lowest		
2021						
Unit Class 'A'	13,884,949.42	137.6114	139.1301	99.2244	100,899.6697	2.09
Unit Class 'B'	40,486,198.02	470.2465	475.9292	341.7883	86,095.6966	2.83
Unit Class 'C'	111,643.15	166.4207	168.1901	119.6283	670.8489	1.86
Unit Class 'D'	-	-	-	-	-	-
2022						
Unit Class 'A'	14,369,937.55	142.4181	167.9883	136.9676	100,899.6697	1.90
Unit Class 'B'	44,951,950.63	482.7693	572.5582	468.0152	93,112.6898	2.71
Unit Class 'C'	113,679.51	172.7687	203.3729	165.6462	657.9866	1.58
Unit Class 'D'	-	-	-	-	-	-
2023						
Unit Class 'A'	19,428,593.50	192.5536	192.5536	142.8374	100,899.6697	1.96
Unit Class 'B'	62,385,497.66	647.4850	647.4850	484.1801	96,350.4979	2.76
Unit Class 'C'	316,541.31	234.3152	234.3152	173.2789	1,350.9211	1.63
Unit Class 'D'	-	-	-	-	-	-



Fund Manager's Commentary

The year 2023 was another eventful year for public markets. This is as they witnessed elevated levels of volatility, continuation of geopolitical tensions around the globe, 7 US Fed rate hikes, and two strong corrections during the year. In spite of this, some global public markets witnessed whopping double-digit moves. By 2023 year-end, both the S&P 500 and Russell 2000 index (representing small and mid-cap us stocks) delivered returns of 26.2% and 16.8% respectively. High as those may be, both indices fade in comparison to the tech-heavy Nasdaq's staggering 44.7% year end return. Emerging markets on the other hand, had mixed returns ranging from high double digits returns to minor negative returns

Arab markets returns for the period were surprisingly mixed. This is as Egypt's performance for the year was a whopping 75% in local currency. This was followed by both Dubai & Saudi who's markets enjoyed returns of 27.7% and 18.1% respectively. Qatar's markets managed to end the year slightly up 3% while both Kuwait and Abu Dhabi ended the year on a negative tone with -3.1% and -5% respectively.

There were many developments on the macro front for the MENA region during last year. Brent prices had some minor sell off in the first half of the year, before rallying from \$71.7 all the way up to \$97.6. It seems, that most Arab markets were not as heavily correlated to Brent's move as thought of in historical terms. Some attribute this to government's plans to diversify away from Oil revenues. These initiatives were launched several years and are making noticeable progress. Egypt's currency and economy had a far less favorable year than it's stock exchange. The US dollar increased by 24.8% against the Egyptian pound. Naturally, this led to further downward pressure on the Egyptian pound, as well as some macroeconomic headwinds, raising inflation, and lack of US dollar availability. The Egyptian government has been trying to go forward with government owned asset sale program, alongside some economic reform efforts with the help of the IMF. This is in the hopes of easing the US Dollar deficiency, and boost the local economy.

For the full years of 2023, the Jadwa Arab Markets Equity Fund (Class B), delivered a total return of 34.12%, outperforming its benchmark (S&P Pan Arab Sharia Index) by 19.67%. Since inception, the fund delivered an annualized return of 11.97% and annualized outperformance of 7.16%.

Looking forward, the fund will continue to focus on generating sustainable long-term returns for investors, allocating funds to higher quality companies with favorable valuations. The fund will focus on finding opportunities that can offer favorable risk-adjusted returns and manage the current inflationary environment.

For more details on performance, please refer to the Fund Performance section.



Turnover

	2023
Fund	35.88%

Equity Allocation

	% of Net Assets 31-Dec-2022		% of Net Assets 31-Dec-2023
Equity	98.09%	Equity	98.22%
Net Cash	1.91%	Net Cash	1.78%
Total	100.00%	Total	100.00%

Top 3 Sector Allocations

Sector	% of Net Assets 31-Dec-2022	Sector	% of Net Assets 31-Dec-2023
Materials	16.68%	Energy	15.50%
Energy	14.16%	Banks	13.57%
Banks	11.57%	Materials	12.43%



Fund Performance

Time-weighted net total returns presented below are computed on the unit price of the fund in any given period.

Class 'A'	1-Year	3-Year	5-Year	Since Inception
Fund	35.20%	93.29%	-	92.55%
Benchmark	14.45%	42.52%	-	42.05%

*Inception: December 20, 2020

Class 'B'	1-Year	3-Year	5-Year	Since Inception
Fund	34.12%	88.68%	153.98%	547.48%
Benchmark	14.45%	42.52%	71.50%	117.58%

*Inception: June 30, 2007

Class 'C'	1-Year	3-Year	5-Year	Since Inception
Fund	35.62%	95.10%	-	134.32%
Benchmark	14.45%	42.52%	-	74.77%

*Inception: March 2, 2020

Class 'D'	1-Year	3-Year	5-Year	Since Inception
Fund	-	-	-	-
Benchmark	-	-	-	-

*There were no unitholders in Unit Class 'D'



Fund	Class 'A'	Benchmark	Variance
2020*	-0.38%	-0.33%	-0.05%
2021	38.14%	33.62%	4.51%
2022	3.49%	-6.80%	10.29%
2023	35.20%	14.45%	20.76%

*Unit Class A return is from December 20, 2020 till December 31, 2020

Fund	Class 'B'	Benchmark	Benchmark
2012	17.60%	9.04%	8.56%
2013	42.76%	26.58%	16.18%
2014	7.95%	-2.28%	10.23%
2015	2.11%	-14.70%	16.81%
2016	6.05%	10.80%	-4.75%
2017	-2.66%	3.70%	-6.36%
2018	5.79%	9.73%	-3.94%
2019	17.52%	10.41%	7.11%
2020	14.54%	8.99%	5.55%
2021	37.03%	33.62%	3.41%
2022	2.66%	-6.80%	9.46%
2023	34.12%	14.45%	19.67%

Fund	Class 'C'	Benchmark	Variance
2020*	20.10%	8.99%	8.99%
2021	38.57%	33.62%	33.62%
2022	3.81%	-6.80%	10.61%
2023	35.62%	14.45%	21.18%

*Unit Class C return is from March 2, 2020 till December 31, 2020



Fund Expenses

	Expenses for 2023 (SAR)			
	Class "A"	Class "B"	Class "C"	Class "D"
Management Fees	209,672.82	1,050,790.73	1,742.53	-
Fund Board	3,760.22	12,169.55	39.35	-
Auditing Fees	7,578.91	24,529.25	79.33	-
Custodian's Fees	16,614.42	53,887.35	177.81	-
Legal Expenses				-
Cost of Sharia-compliant finance (when required)				-
Registration / Fees of Unit Processing				-
Other expenses	89,850.96	347,374.98	867.41	-
Total	327,477.34	1,488,751.86	2,906.43	-
Total Expenses Ratio	1.96	2.76	1.63	-

The fund manager may elect to waive or rebate all or part of the subscription fee.



Disclosures

Material Changes

There were no material changes that were implemented in the terms and conditions during 2023. For complete details please refer to the Fund's terms & conditions.

Investment in Other Funds

The fund has not invested in any other fund during 2023.

Fund Manager's Investment in the Fund

The fund manager's investment in the fund as of December 31, 2023 was SAR 0.00.

Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any)

The fund does not have any borrowed assets during 2023.

Disclosure related to special commissions

The fund manager may receive (brokerage) research from third parties with whom trades are executed for the fund and client portfolios, which is used in managing investments across such portfolios.



Exercise of Voting Rights

Company	National Company for Learning and Education
GA Name	AGM
GA Type	Ordinary
Date (Gregorian)	27/12/2023
Date (Hijri)	14/06/1445

Item Number	Item Details	Yes	No	Abstain
1	Reviewing on the Board of Directors' Report for the fiscal year ending on 31 August 2023 G and discussing it.	√		
2	Voting on the Company's Auditor's Report for the fiscal year ending on 31 August 2023 G.	√		
3	Reviewing on the financial statements for the fiscal year ending on 31 August 2023 G and discussing it.	√		
4	Voting on Board of Directors' recommendation to distribute cash dividends to shareholders for the fiscal year ended 31 August 2023, with a total amount of (70,950,000) riyals at (1.65) riyals per share, equivalent to 16.5% of the company's share capital. Provided that the eligibility of the shareholders who own the shares at the end of the trading session of the day of the assembly meeting and are registered in the company's shareholders 'register with the Securities Depository Center Company (Edaa) at the end of the second trading day following the maturity date, and the dividend distribution date will be announced later.	√		
5	Voting on the discharge of the Board of Directors' members liability for the fiscal year ended 31/08/2023 G.	√		
6	Voting on delegating the Board of Directors to distribute interim dividends in a semi-annually or quarterly manner for the fiscal year ending on 31 August 2024 G.	√		
7	Voting on delegating the Board of Directors with the authority of the Ordinary General Assembly relating to the permission mentioned in paragraph (1) of Article (27) of the Companies Law, for one year from the consent date of the General Assembly or until the end of the delegated Board of Directors session whichever is earlier, in accordance with the implementing regulation of the companies law relating to listed joint stock companies.			√



Company	Saudi Industrial Investment Group
GA Name	EGM
GA Type	Extraordinary
Date (Gregorian)	12/6/2023
Date (Hijri)	23/11/1444

Item Number	Item Details	Yes	No	Abstain
1	Voting on transferring the balance of the statutory reserve amounting (1,047,670,118) riyals as in the financial statements for the year ending on 12/31/2022 to retained earnings.	√		
2	Voting on amending the remuneration policy.			√

Company	SABIC Agri-Nutrients Co.
GA Name	AGM
GA Type	Ordinary
Date (Gregorian)	26/03/2023
Date (Hijri)	04/09/1444

Item Number	Item Details	Yes	No	Abstain
1	Voting on external auditor report for the fiscal year ended on December 31, 2022.			√
2	Voting on the appointment of an external Auditor for the Company from among the candidates nominated based on the recommendation of Audit Committee to review and audit financial statements of the second quarter, third quarter and the annual of the fiscal year 2023, in addition to first quarter 2024 financial statements, and determining the fees			√
3	Voting on the discharge of the Board of Directors members for the fiscal year ended December 31, 2022.			√
4	Voting on the payment of SR (1,600,000) as a remuneration for the members of the Board of Directors for the year ended December 31, 2022			√



5	Voting on the recommendation of the Board of Directors to distribution cash dividends to the Shareholders for the second half of the Year 2022 with total amount (SAR 3,808,283,232) at SAR (8) per share, which represents (80%) of par value. Eligibility for the second half dividend of the year will be to the shareholders registered in the Company's share registry at the Depository Center at the end of the second trading day following Ordinary General Meeting date. It is noteworthy that the payment of dividends will be on April 13, 2023.	√		
6	Voting on the formation, of the Audit Committee, defining its duties, working procedure and members remuneration for the new term of three years – starting on March 29, 2023 and ending on March 28, 2026. Here-attached CVs of the below listed candidates: 1- Abdulaziz Habdan Al-Habdan 2- Abdulaziz Suliman Al-Humaid 3- Majed Abdulalah Nouraddin 4- Abdulrahman Nasser Bin Muammar			√
7	Voting on authorizing the Board of Directors to distribute interim dividends, semi-annual or quarterly for the fiscal year 2023.	√		

For additional information please refer to the Terms & Conditions available on www.jadwa.com

Kindly refer to Annex A for auditor statement and financial statements.



Fund Board

Members of the fund's board of directors:

- A) Mr. Ghannam Al-Ghannam (Chairman of the Board)
- B) Dr. Mohammed Sultan Al-Sahli (Independent member)
- C) Dr. Walid Addas (Independent member)
- D) Mr. Amer Afiouni (Member)

There is no conflict or potential conflict of interest between the interests of the fund board members and the interest of the fund.

An overview of the qualifications of the members of the fund's board of directors:

- A) Mr. Ghannam Al-Ghannam (Chairman of the Board):

Mr. Ghannam Al-Ghannam is the Head of Private and Institutional Client Investments (PICI) at Jadwa Investment Company. Prior to joining Jadwa, he was a Senior Investment Advisor to major clients at HSBC Saudi Arabia. Mr. El-Ghannam has experience in business development and wealth management, and has a distinguished approach to all sales, services, operations, operational procedures and risk management. He has been involved in organizing fundraising campaigns for various investment companies in private equity, asset management, and products real estate. He is a certified financial planner, and holds a Master's degree in Informatics from Ohio State University, USA, in addition to a Bachelor's degree in Business Administration from the University of Toledo, Ohio, USA.

- B) Dr. Mohammed Sultan Al-Sahli (Independent member):

Dr. Muhammad Al-Sahli is the Head of the Accounting Department at King Saud University, a member of the Primary Committee for Zakat and Tax, and Director of the Saudi Accounting Association. Dr. Muhammad Al-Sahli has authored and published many scientific papers. He holds a PhD in Accounting from the University of Melbourne, Australia, in addition to a Master's degree in Accounting from Saint Louis University, USA, and a Bachelor's degree in Accounting from King Saud University.

- C) Dr. Walid Addas (Independent member):

Dr. Walid Addas is the Deputy Director of Operations Resources Department for Development Effectiveness at the Islamic Development Bank in Jeddah. Among the previous positions held by Dr. Addas, Head of Program and Portfolio Management at the same bank, and Director of Finance and Administration at the International Energy Forum in Riyadh. He holds a Ph.D. in Economics from the International Islamic University in Malaysia, a Master's degree in Economics from the University of Essex, and a Bachelor's degree in Economics from Middlesex University, UK.

- D) Mr. Amer Afiouni (Member):

Mr. Amer Afiouni joined Jadwa Investment in June 2015. His main focus is to drive strategic initiatives to enhance business growth opportunities and build organizational capabilities across the company. He has extensive business strategy and experience in management knowledge gained from serving clients across a variety of industries and functional disciplines. He is an accomplished businessman with an outstanding academic background and



international exposure. This is combined with interpersonal skills and a strong team.

Prior to joining Jadwa Investments, Amer held senior positions at McKinsey & Company. He was the managing partner of CDC Systems Middle East and IT consultant at Compagnie General d'Informatique and IBM. Amer holds an MBA from INSEAD in France.

Description of the roles and responsibilities of the Fund Board:

The responsibility of the Fund Board shall include the following:

- A) Approving material contracts, decisions and reports involving the Fund, including, but not limited to, contracts for the provision of Fund management services, contracts for the provision of custody services, excluding contracts entered into pursuant to investment decisions regarding underlying investments made or to be made by the Fund;
- B) Approving a written policy with regard to voting rights related to the Fund's Assets;
- C) Overseeing and, where appropriate, approving or ratifying any conflicts of interest which the Fund Manager has disclosed;
- D) Meeting at least twice annually with the Fund Manager's compliance committee or its compliance officer to review the Fund Manager's compliance with all applicable rules, laws and regulations, including (without limitation) the requirements of the Investment Funds Regulations;
- E) Ensuring the completeness and accuracy of the Terms and Conditions, the Information Memorandum and any other document, contractual or otherwise, that includes disclosures relating to the Fund and the Fund Manager and its management of the Fund and ensuring compliance with the Investment Funds Regulations;
- F) Ensuring that the Fund Manager carries out its obligations in the best interests of Unitholders, in accordance with the Investment Funds Regulations, the Terms and Conditions and the Information Memorandum;
- G) Demonstrating a fiduciary duty to Unitholders, including a duty to act in good faith, a duty to act in the best interests of Unitholders and a duty to exercise all reasonable care and skill; and
- H) Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the Fund Board.

Details on the remuneration of fund board members

The Fund shall remunerate members of the Fund Board of Directors for travel expenses and other reasonable expenses incurred with regard to their obligations towards the Fund, provided that such remuneration shall not exceed 0.1% of the Fund's Assets annually.

Remuneration of Fund's independent board members for the services they rendered to the Fund is estimated to reach SAR 30,000 per annum.



All the funds boards that the relevant board member is participating in.

Currently, Board members do not manage any investment fund in the Kingdom of Saudi Arabia except for the following:

Fund Name	Ghannam Al Ghannam	Walid Addas	Muhammad Al-Sahli	Amer Afiouni
Jadwa Saudi Equity Fund	√	√	√	√
Jadwa GCC Equity Fund	√	√	√	√
Jadwa Arab Markets Equity Fund	√	√	√	√
Jadwa Global Sukuk Fund	√	√	√	√
Jadwa Saudi Riyal Murabaha Fund	√	√	√	√
Jadwa Al-Azizia Real Estate Investment Fund	√	√	-	-
Jadwa REIT Al Haramain Fund	√	-	-	-
Jadwa REIT Saudi Fund	√	-	-	-
Al Dar Investment Fund	√	√	-	-
Al Dar Investment Fund 2	√	√	-	-
Al Nokbah Investment Fund	√	√	-	-
Al Shorfah Investment Fund	√	√	-	-
Diriyah Avenue Investment Fund	√	√	-	-
Jadwa Investment Fund 45	√	-	-	-
Real Estate Growth Fund	√	√	-	-
Zood Investment Fund	√	√	-	-
Jadwa Private Real Estate Investment Fund 10 Al Majdiah Investment Fund	-	√	-	-
Meem Investment Fund	√	-	-	-
Jadwa Private Real Estate Investment Fund 14 Oud Investment Fund	√	√	-	-
Jadwa Private Real Estate Investment Fund 15	√	√	-	-
Jadwa Private Real Estate Investment Fund 16 Osus Investment Fund	-	√	-	-
Al Olaya Investment Fund	√	√	-	-
Al Narjis Investment Fund	√	√	-	-
Al Sulaiman Investment Fund	√	-	-	-
Jadwa Al Mqr Investment Fund	-	√	-	-
Jadwa Private Real Estate Investment Fund 22	√	√	-	-
North Views Investment Fund	√	-	-	-
Al Dar Investment Fund 3	√	√	-	-
HomeInvestment Fund	√	-	-	-
Jadwa Private Real Estate Investment Fund 26	√	√	-	-
Jadwa Private Real Estate Investment Fund 27	√	√	-	-



Jadwa Private Real Estate Investment Fund 28	√	√	-	-
Jadwa Private Real Estate Investment Fund 29	√	√	-	-
Jadwa Private Real Estate Investment Fund 30	√	√	-	-
Liwan Investment Fund (1)	√	-	-	-
Jadwa Investment Fund 12	√	-	-	-
Jadwa Investment Fund 13	√	-	-	-
Jadwa Investment Fund 14	√	-	-	-
Jadwa Investment Fund 17	√	-	-	-
Jadwa Investment Fund 20	√	√	√	-

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

Fund Board Meeting

Fund Board Meeting

Jadwa Head Office, Riyadh, 15th June 2023:

Discussion Topics

- Approval of minutes of previous fund board meeting held on 22nd December 2022
- Compliance Officer's review of funds' compliance with rules and regulations
- MLRO report on anti-money laundering activities
- Changes to the fund T&Cs including service providers
- Assessment of Fund's Risk Management procedures to ensure they are in line with the Fund Manager's Risk Management Policy and Procedures
- Money Market Funds: stress testing of all risks outlined in T&Cs is to be presented to the Fund Board, at least twice a year
- Annual ratification/approval of the fund auditor, custodian and administrator
- Economic and Market Outlook
- 2023 YTD performance review of Jadwa public funds
- Date of next fund board meeting

Jadwa Head Office, Riyadh, 27th November 2023:

Discussion Topics

- Approval of minutes of previous fund board meeting held on 15th June 2023.
- Compliance Officer's review of funds' compliance with rules and regulations
- MLRO report on anti-money laundering activities



- Annual report that includes all complaints and actions taken to resolve those complaints.
- Changes to the fund T&Cs including service providers
- Annual assessment for each independent member to ensure that their independence status is unaffected
- Annual assessment of performance and quality of services provided by 3rd parties
- Assessment of Fund's Risk Management procedures to ensure they are in line with the Fund Manager's Risk Management Policy and Procedures
- Money Market Funds: stress testing of all risks outlined in T&Cs presented to the Fund Board.
- Economic and Market Outlook
- 2023 YTD performance review of Jadwa public funds
- Annual ratification/approval of the fund auditor, custodian and administrator
- Proposed new fund custodian and administrator
- Fund Board's self-review on number of investment funds supervised
- Date of next fund board meeting

Additional Information to Unitholders

Please refer to the Fund's Terms & Conditions.



Annex A: Audited Annual Financial Statements

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
Financial Statements
For the year ended 31 December 2023
together with the
Independent Auditor's Report to the Unitholders

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
Financial Statements
For the year ended 31 December 2023

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KPMG Professional Services

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

Headquarters in Riyadh

كي بي إم 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

To the Unitholders of Jadwa Arab Markets Equity Fund

Opinion

We have audited the financial statements of **Jadwa Arab Markets Equity Fund** (the "Fund") managed by Jadwa Investment Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the Unitholders and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund Board, are responsible for overseeing the Fund's financial reporting process.

Independent Auditor's Report

To the Unitholders of Jadwa Arab Markets Equity Fund (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Jadwa Arab Market Equity Fund (the "Fund")**.

KPMG Professional Services



Saleh Mohammed S Mostafa
License No: 524

Riyadh, 21 Ramadan 1445H
Corresponding to: 31 March 2024



JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(Amounts in Saudi Arabian Riyals)

	<u>Notes</u>	31 December 2023	31 December <u>2022</u>
ASSETS			
Cash and cash equivalents	7	1,814,012	1,288,612
Investments	8	80,664,763	58,297,407
Dividend receivable		75,585	83,601
Total assets		82,554,360	59,669,620
LIABILITIES			
Management fee payable	<i>1(c),9</i>	231,379	89,803
Accrued expenses and other liabilities		192,348	144,248
Total liabilities		423,727	234,051
Net assets (equity) attributable to the Unitholders (SAR)		82,130,633	59,435,569
Units in issuance (numbers)			
Class A		100,899.67	100,899.67
Class B		96,350.50	93,112.68
Class C		1,350.92	657.99
Net assets (equity) attributable to each unit (SAR)			
Class A		192.5536	142.4181
Class B		647.4849	482.7693
Class C		234.3152	172.7689

The accompanying notes (1) to (15) form an integral part of these financial statements

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	31 December <u>2023</u>	31 December <u>2022</u>
Gain on investments, net	8.1	19,892,012	885,662
Dividend income		2,995,947	2,245,831
Total income		<u>22,887,959</u>	<u>3,131,493</u>
Management fee	1(c),9	(1,262,206)	(1,145,490)
Other operating expenses		(490,621)	(453,169)
Fund Board fees	9	(16,000)	(16,000)
Foreign exchange loss		(50,309)	(96,834)
Total operating expenses		<u>(1,819,136)</u>	<u>(1,711,493)</u>
Net profit for the year		21,068,823	1,420,000
Other comprehensive income for the year		--	--
Total comprehensive income for the year		<u>21,068,823</u>	<u>1,420,000</u>

The accompanying notes (1) to (15) form an integral part of these financial statements

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE
UNITHOLDERS
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	31 December	31 December
	<u>2023</u>	<u>2022</u>
Net assets (equity) attributable to the Unitholders at beginning of the year	59,435,569	54,482,792
Net income for the year	21,068,823	1,420,000
Contributions and redemptions by the Unitholders:		
Proceeds from issuance of units		
- Class B	7,110,796	8,150,730
- Class C	316,000	113,000
		8,263,730
Payment made against redemptions of units:		
- Class B	(5,612,802)	(4,618,394)
- Class C	(187,753)	(112,559)
	(5,800,555)	(4,730,953)
Net assets (equity) attributable to the Unitholders at end of the year	82,130,633	59,435,569

The accompanying notes (1) to (15) form an integral part of these financial statements

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (CONTINUED)
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	31 December 2023			31 December 2022				
	Class A	Class B	Class C	Total	Class A	Class B	Class C	Total
Units transactions (numbers)								
Units in issuance at the beginning of the year	100,899.67	93,112.68	657.99	194,670.34	100,899.67	86,095.69	670.84	187,666.20
Issuance of units during the year	--	12,880.50	1,589.68	14,470.18	--	16,045.71	603.41	16,649.12
Redemption of units during the year	--	(9,642.68)	(896.75)	(10,539.43)	--	(9,028.72)	(616.28)	(9,645.00)
Units in issuance at end of the year	100,899.67	96,350.50	1,350.92	198,601.09	100,899.67	93,112.68	657.99	194,670.34

The accompanying notes (1) to (15) form an integral part of these financial statements

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	31 December <u>2023</u>	31 December <u>2022</u>
Cash flows from operating activities			
Net profit for the year		21,068,823	1,420,000
<i>Adjustments for:</i>			
Gain on investments, net	8.1	(19,892,012)	(885,662)
Dividend income		<u>(2,995,947)</u>	<u>(2,245,831)</u>
		(1,819,136)	(1,711,493)
Net changes in operating assets and liabilities			
Purchase of investments		(27,890,918)	(46,904,330)
Proceeds from sale of investments		25,415,574	41,298,732
Increase / (decrease) in management fee payable		141,576	(136,438)
Increase in accrued expenses and other liabilities		48,100	19,031
Net cash used in operations		(4,104,804)	(7,434,498)
Dividend received		<u>3,003,963</u>	<u>2,162,230</u>
Net cash used in operating activities		(1,100,841)	(5,272,269)
Cash flows from financing activities			
Proceeds from issue of units		7,426,796	8,263,730
Payment made against redemption of the units		<u>(5,800,555)</u>	<u>(4,730,953)</u>
Net cash generated from financing activities		1,626,241	3,532,777
Net increase / (decrease) in cash and cash equivalents		525,400	(1,739,491)
Cash and cash equivalents at beginning of the year	7	<u>1,288,612</u>	3,028,103
Cash and cash equivalents at end of the year	7	<u>1,814,012</u>	<u>1,288,612</u>

The accompanying notes (1) to (15) form an integral part of these financial statements

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

- a) Jadwa Arab Markets Equity Fund (the “Fund”) is an open-ended equity fund established and managed as per terms and conditions between Jadwa Investment Company (the “Fund Manager”) and the Fund investors (the “Unitholders”). The Capital Market Authority’s (“CMA”) approval for the establishment of the Fund was granted in its letter number 443 dated Jumada al-awwal 9, 1428 H (corresponding to 26 May 2007). The Fund commenced its operations on 30 June 2007.

The Fund aims to provide investors with long-term capital appreciation by investing in equities listed on the stock markets of Arab countries while ensuring that the selected equities are compliant with the Shariah standards approved by the Fund Manager’s Shariah Committee.

- b) In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. The Fund Manager of the Fund is Jadwa Investment and administrator and custodian of the Fund is HSBC Saudi Arabia.

The Fund is governed by Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “amended regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016), and 17 Rajab 1442 H (corresponding to 1 March 2022), detailing requirements for all funds within the Kingdom of Saudi Arabia.

- c) The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s terms and conditions, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas.

The Fund Manager charges the Fund a management fee are charged at 1.25%, 1.95%, 0.98% and 1.95% of the equity value of Class A, Class B, Class C and Class D units respectively at each valuation day.

The Fund Manager may charge investors a subscription fee at a percentage not to exceed 3% of the subscribed amount. The subscription fee is not included in these financial statements.

In addition, the Fund Manager has the right to collectively charge the Fund all other expenses related to the management of the Fund, including but not limited to audit fee and legal charges subject to limits as set out in the Fund’s terms and conditions.

2. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) that are as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and to comply with the applicable provisions of the Investment Fund Regulations issued by CMA and the Fund’s terms and conditions.

3. BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost convention, except for the investments which are carried at fair value, using accrual basis of accounting and the going concern concept.

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

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Arabian Riyal (“SAR”), which is the Fund’s functional currency. All amounts have been rounded to the nearest SAR, unless otherwise indicated.

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
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5. USE OF JUDGMENTS AND ESTIMATES

The preparation of these financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

6. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated

a) *Foreign currency translation*

Transactions in currencies other than functional currencies are translated into SAR at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Monetary assets and liabilities denominated in foreign currencies are retranslated into SAR at the exchange rate at the reporting date. Foreign currency differences arising on retranslation are recognized in statement of comprehensive income as net foreign exchange loss, except for those arising on financial instruments at FVTPL which are recognized as a component of net gain from financial instruments at FVTPL.

b) *Functional currency*

Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Fund's investments and transactions are denominated in SAR. Investor subscriptions and redemptions are determined based on equity value, and received and paid in SAR. The expenses (including management fees, custodian fees and administration fees) are denominated and paid in SAR. Accordingly, management has determined that the functional currency of the Fund is SAR.

c) *Net gain or loss on financial assets and liabilities at FVTPL*

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

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year's unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

d) *Dividend income*

Dividend income is recognized in statement of comprehensive income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at fair value through profit or loss ("FVTPL") is recognized in statement of comprehensive income in a separate line item.

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
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6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Provisions

Provisions are recognized whenever there is present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

f) Management fee

Management fee is recognized in the statement of comprehensive income as the related services are performed.

g) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

h) Financial assets and liabilities

Classification of financial assets

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

Financial asset at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset at fair value through other comprehensive income ("FVOCI")

A financial asset is measured at fair value through FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund Manager may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial asset at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL.

Business model assessment

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
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6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Financial assets and liabilities (continued)

Business model assessment (continued)

as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and profit, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Classification of financial liabilities

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL.

Recognition and initial measurement

Financial assets at FVTPL are initially recognized on the trade date, which the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition issue.

Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains or losses including any foreign exchange gains and losses, are recognized in profit or loss in 'gains / (losses) on investments, net' in the statement of comprehensive income.

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
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For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) *Financial assets and liabilities (continued)*

Subsequent measurement (continued)

Financial assets and financial liabilities at amortized cost are subsequently measured at amortized cost using effective interest method and is recognized in statement of comprehensive income. Any gain or loss on de-recognition is also recognized in statement of comprehensive income. The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on

initial recognition minus the principle repayments, plus or minus the cumulative amortizing using effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Derecognition

The Fund derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in statement of comprehensive income. Any interest in such transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognized.

The Fund derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously. Income and expenses are presented on a net basis for gain and losses from financial instruments at FVTPL and foreign exchange gains and losses.

i) *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 on-going 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.

JADWA ARAB MARKETS EQUITY FUND
An open-ended mutual fund
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6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Distributions to the Unitholders

Distribution to the Unitholders is accounted for as a deduction from net assets (equity) attributable to the Unitholders. An interim dividend is recognized as a liability in the period in which it is irrevocably declared by the Fund Board. A final dividend is recognized as a liability in the period in which it is approved by the Fund Board.

k) Redeemable units

The Fund classified financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank *pari passu* in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund net assets at each redemption date and also in the event of the Fund's liquidation.

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

l) New IFRS Standards, interpretations and amendments adopted by the Fund

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2023 and accordingly adopted by the Fund, as applicable. However, these did not have any significant impact on the financial statements.

- Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction
- A number of narrow-scope amendments to IAS 1, IAS 8
- Amendments to IFRS 17 – Insurance Contracts

m) New regulations effective during the year

The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Funds permitted by the CMA.

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit an information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Zakat collection will be applied on the Fund's Unit holders.

During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting information declaration in due course.

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6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements.

<u>Standards / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 1	Classification of Liabilities as current or non-current and noncurrent liabilities covenant	01 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	01 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	01 January 2024
Amendments to IAS 21	Lack of exchangeability	01 January 2024
Amendments to IFRS 10 and IAS 28	Sales or contribution of assets between investors and its associates or joint venture	Available for optional adoption / effective date deferred indefinitely

7. CASH AND CASH EQUIVALENTS

It represents balances held with local banks that have short-term and long-term ratings ranging from 'F-1+' to 'F2' and 'BBB+' to 'AA-', respectively.

8. INVESTMENTS

	<u>Notes</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Investments measured at FVTPL:			
- Equity securities	<i>11 (a)</i>	80,664,763	58,297,407

8.1 Below are the details of gain on investments measured at FVTPL:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Realized gain on investments at FVTPL, net	4,627,634	6,198,369
Unrealized gain / (loss) on investments at FVTPL, net	15,264,378	(5,312,707)
	19,892,012	885,662

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9. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Fund Manager, the Fund Board and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the Fund Manager.

In addition to transactions disclosed elsewhere in these financial statements, the Fund entered into the following transactions with related parties during the year. These transactions were carried out on the basis of approved terms and conditions of the Fund.

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>For the year ended</u>	
			<u>31 December 2023</u>	<u>2022</u>
Jadwa Investment Company	The Fund Manager	Management fee	<u>1,262,206</u>	<u>1,145,490</u>
The Fund Board	The Fund Board	The Fund Board compensation (independent member)	<u>16,000</u>	<u>16,000</u>

Balances arising from the above transactions with related parties are as follows:

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balances</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
			Jadwa Investment Company	The Fund Manager

10. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments:

<u>31 December 2023</u>	<u>Amortized cost</u>	<u>FVTPL</u>
<i>Financial assets</i>		
Cash and cash equivalents	1,814,012	--
Investments	--	80,664,763
Dividend receivable	75,585	--
Total financial assets	<u>1,889,597</u>	<u>80,664,763</u>
<i>Financial liabilities</i>		
Management fee payable	231,379	--
Accrued expenses and other liabilities	192,348	--
Total financial liabilities	<u>423,727</u>	<u>--</u>
<u>31 December 2022</u>	<u>Amortized cost</u>	<u>FVTPL</u>
<i>Financial assets</i>		
Cash and cash equivalents	1,288,612	--
Investments	--	58,297,407
Dividend receivable	83,601	--
Total financial assets	<u>1,372,213</u>	<u>58,297,407</u>
<i>Financial liabilities</i>		
Management fee payable	89,803	--
Accrued expenses and other liabilities	144,248	--
Total financial liabilities	<u>234,051</u>	<u>--</u>

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11. FINANCIAL RISK MANAGEMENT

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

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

The Fund primarily aims to invest in a diversified portfolio consisting of listed equities in local and GCC equity markets. The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Fund are discussed below.

The Portfolio Management Team has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with target asset allocations as per the terms and conditions is monitored by the portfolio management team on a regular basis.

a) Market risk

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

'Market Risk' is the risk that changes in market prices – such as commission rates, foreign exchange rates and equity prices – will affect the Fund's income or the fair value of its holdings in financial instruments.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective as per the Fund's terms and conditions.

The Fund's market risk is managed by the Fund Manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a daily basis by the portfolio management team.

i) Foreign currency risk

Foreign currency risk arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in United Arab Emirates Dirham (AED), Qatari Riyal (QAR), Egyptian Pound (EGP), Kuwait Dinar (KWD), Bahraini Dinar (BHD), British Pound Sterling (GBP) and United States Dollar (USD). Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of the Fund's financial assets or financial liabilities denominated in currencies other than SAR.

The Fund's currency risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place. The Fund's currency positions and exposures are monitored on a daily basis by the Fund Manager.

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11. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (*continued*)

*i) Foreign currency risk (*continued*)*

When the Fund Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Fund, the Fund Manager factors that into its portfolio allocation decisions. While the Fund has direct exposure to volatility in foreign exchange rates denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which the Fund invests, even if those companies' securities are denominated in SAR. For that reason, the below sensitivity analysis may not necessarily indicate the total effect on the Fund's net assets (equity) attributable to unitholders of future movements in foreign exchange rates. The table below summarizes the Fund's assets and liabilities, which are denominated in currencies other than the SAR.

Exposure

At the reporting date, the carrying amount of the Fund's net financial assets and financial liabilities held in individual foreign currencies, expressed in SAR and as a percentage of its net assets (equity), are as follows:

<u>Currency</u>	31 December 2023		31 December 2022	
	Amount in SAR	% of net assets (equity)	Amount in SAR	% of net assets (equity)
AED	23,961,663	29.18	15,419,659	25.94
EGP	4,638,893	5.65	3,959,059	6.66
QAR	3,830,693	4.66	2,041,413	3.43
KWD	1,673,861	2.04	2,458,527	4.14
BHD	1,330,026	1.62	1,185,574	1.99
GBP	--	--	338,390	0.58
USD	--	--	11,790	0.02
	35,435,136	43.15	25,414,412	42.76

Sensitivity analysis

The table below sets out the decrease in net asset (equity) attributable to the Unitholders in case currencies other than the functional currency i.e. AED, EGP, KWD, QAR, BAH, GBP and USD weaken by 0.50% relative to SAR. The analysis assumes that all other variables remain constant.

Effect in amounts of SAR (decrease)

<u>Currency</u>	31 December 2023	31 December 2022
AED	(119,808)	(77,098)
EGP	(23,194)	(19,795)
QAR	(19,153)	(10,207)
KWD	(8,369)	(12,293)
BHD	(6,650)	(5,928)
GBP	--	(1,692)
USD	--	(59)

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11. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (continued)

i) Foreign currency risk (continued)

Effect in % of net assets (equity) attributable to the Unitholders (decrease)

Currency	31 December 2023	31 December 2022
AED	-0.15%	-0.13%
EGP	-0.03%	-0.03%
QAR	-0.02%	-0.02%
KWD	-0.01%	-0.02%
BHD	-0.01%	-0.01%
GBP	--	-0.003%
USD	--	-0.0001%

Strengthening of currencies other than the functional currency i.e. AED, EGP, KWD, QAR, BAH, GBP and USD relative to SAR will result in an equal but opposite effect on the net assets (equity) attribute to the Unitholders.

ii) Commission rate risk

Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of financial instruments. The Fund is not subject to commission rate risk.

iii) Other price risk

Other price risk' is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from commission rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

The Fund's policy is to manage price risk through diversification and selection of securities within specified limits set by the Fund's terms and conditions. A summary analysis of investments by nature and geography is presented below. All of the Fund's equity investments are publicly traded and overall market position is monitored on a daily basis by the Fund Manager and it is reviewed on quarterly basis by the portfolio management team.

The Fund Manager monitors the concentration of risk for equity investments based on counterparties and industries and geographic location. The Fund's equity investments are concentrated in the following counterparties.

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11. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (continued)

The Fund also manages its exposure to price risk by analyzing the investment portfolio by economic sector. The Fund's policy is to concentrate the investment portfolio in sectors where the Fund Manager believes the Fund can maximize the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant economic sector concentrations within the equity securities portfolio.

<u>Economic sectors</u>	31 December 2023		
	Cost	Fair value	% of Fair value to total equity investment
Materials	13,430,229	13,246,392	16.42
Energy	10,417,461	12,730,673	15.78
Banks	9,179,643	11,143,075	13.81
Transportation	4,284,649	7,025,327	8.71
Real Estate Management and Development	3,484,671	6,770,619	8.39
Software Services	1,860,385	4,918,386	6.10
Food and Beverages	2,733,762	4,903,164	6.08
Consumer Services	3,512,892	4,727,888	5.86
Educational Service	2,735,594	3,309,183	4.10
Health Care Equipment and Service	931,188	2,527,006	3.13
Utilities	1,852,938	2,511,444	3.11
Real Estate Mgmt & Dev't	1,615,993	2,073,073	2.57
Media and Entertainment	1,977,425	2,013,950	2.50
Insurance	742,196	1,638,058	2.03
Real Estate Investment Trusts	1,010,057	1,126,525	1.41
Total	59,769,083	80,664,763	100.00
	31 December 2022		
<u>Economic sectors</u>	Cost	Fair value	% of Fair value to total equity investment
Materials	9,695,798	9,699,453	16.64
Energy	6,743,657	6,949,054	11.92
Banks	6,170,106	6,877,888	11.80
Real Estate Management & Development	4,355,242	5,994,374	10.28
Oil & Gas	3,430,234	3,464,033	5.94
Software & Services	2,065,381	3,236,634	5.55
Food & Beverages	2,433,490	3,037,305	5.21
Educational Services	2,706,578	2,748,443	4.71
Health Care Equipment & Service	1,586,193	2,440,274	4.19
Media	1,977,425	2,138,500	3.67
Utilities	1,652,826	1,836,987	3.15
Chemical	1,138,097	1,645,483	2.82
Food & Staples Retailing	3,363,745	1,440,321	2.47
Pharma, Biotech & Life Science	1,035,690	1,410,524	2.42
Real Estate Investment Trusts	1,195,827	1,283,950	2.20
Insurance	833,085	1,238,981	2.13
Transportation	654,641	1,097,059	1.88
Consumer Services	620,720	945,409	1.62
Capital Goods	593,959	500,721	0.86
Diversified Financials	378,109	312,014	0.54
Total	52,630,803	58,297,407	100.00

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11. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (continued)

The Fund's equity investments are concentrated in the following geographical locations:

<u>Country of domicile</u>	31 December 2023		
	<u>Cost</u>	<u>Fair Value</u>	<u>% of Fair value to total investment</u>
Kingdom of Saudi Arabia	31,677,435	45,741,451	56.71
United Arab Emirates	17,978,222	23,709,190	29.39
Arab Republic of Egypt	4,206,422	4,600,889	5.70
State of Qatar	3,188,259	3,689,448	4.57
Kuwait	1,486,495	1,630,863	2.02
Kingdom of Bahrain	1,232,250	1,292,922	1.61
Total	59,769,083	80,664,763	100.00

<u>Country of domicile</u>	31 December 2022		
	<u>Cost</u>	<u>Fair Value</u>	<u>% of Fair value to total investment</u>
Kingdom of Saudi Arabia	29,058,185	33,288,411	57.08
United Arab Emirates	12,653,918	15,346,988	26.36
Arab Republic of Egypt	5,709,250	3,897,839	6.68
Kuwait	1,955,820	2,443,281	4.19
State of Qatar	1,641,353	2,004,728	3.44
Kingdom of Bahrain	957,271	977,770	1.68
United Kingdom	655,006	338,390	0.58
Total	52,630,803	58,297,407	100.00

The table below sets out the effect on net assets (equity) attributable to the Unitholders of a reasonably possible weakening / strengthening in the individual equity market prices of 1% at reporting date. The estimate is made on an individual investment basis. The analysis assumes that all other variables, in particular commission, remain constant.

	31 December 2023		31 December 2022	
	<u>%</u>	<u>SAR</u>	<u>%</u>	<u>SAR</u>
Effect on net assets (equity) attributable to the Unitholders	± 0.99	± 806,648	± 0.98	± 582,974

b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from cash and cash equivalents and dividend receivable (if any). For risk management reporting purposes, the Fund considers and aggregates all elements of credit risk exposure such as individual obligor default risk, counter party risk and sector risk etc. The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the certain credit standards.

The Fund's credit risk is monitored on a regular basis by portfolio management team to ensure it is in line with the investment guidelines of the Fund.

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11. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

The table below shows the maximum exposure to credit risk for each component of the statement of financial position:

	31 December 2023	31 December 2022
Cash and cash equivalents	1,814,012	1,288,612
Dividend receivable	75,585	83,601
Total exposure to credit risk	1,889,597	1,372,213

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties. Cash and cash equivalents are maintained with local banks that have credit ratings, as disclosed in Note 7. The Fund considers these to have low credit risk. Accordingly, the expected credit loss allowance has no material impact on these balances..

c) Liquidity risk

‘Liquidity risk’ is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

The Fund’s policy and the Fund Manager’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the Fund’s reputation.

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

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

The Fund’s investments in listed securities are considered to be readily realizable because they are actively traded on stock exchanges.

The Fund manages its liquidity risk by investing predominantly in securities which are expected to be liquidated within short period of time.

The contractual maturity profile of the financial assets and financial liabilities of the Fund is as follows:

	<i>Within 12 months</i>	<i>After 12 months</i>	<i>No fixed maturity</i>	<i>Total</i>
<i>As at 31 December 2023</i>				
Cash and cash equivalents	--	--	1,814,012	1,814,012
Investments measured at FVTPL	--	--	80,664,763	80,664,763
Dividend receivables	75,585	--	--	75,585
Total financial assets	75,585	--	82,478,775	82,554,360
Management fee payable	231,379	--	--	231,379
Accrued expenses and other liabilities	192,348	--	--	192,348
Total financial liabilities	423,727	--	--	423,727

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11. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

	<i>Within 12 months</i>	<i>After 12 months</i>	<i>No fixed maturity</i>	<i>Total</i>
<i>As at 31 December 2022</i>				
Cash and cash equivalents	--	--	1,288,612	1,288,612
Investments measured at FVTPL	--	--	58,297,407	58,297,407
Dividend Receivable	83,601	--	--	83,601
Total financial assets	<u>83,601</u>	<u>--</u>	<u>59,586,019</u>	<u>59,669,620</u>
Management fee payable	89,803	--	--	89,803
Accrued expenses and other liabilities	144,248	--	--	144,248
Total financial liabilities	<u>234,051</u>	<u>--</u>	<u>--</u>	<u>234,051</u>

d) Operational risk

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

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

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management Team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures
- requirements for:
 - appropriate segregation of duties between various functions, roles and responsibilities;
 - reconciliation and monitoring of transactions; and
 - periodic assessment of operational risks faced,
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance if this is effective.

12. FAIR VALUE MEASUREMENT

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

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Fund determines fair values of equity securities that are actively 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 investment measured at FVTPL have been categorized in level 1 of the fair value hierarchy.

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12. FAIR VALUE MEASUREMENT (CONTINUED)

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. All fair value measurements below are recurring.

<u>Financial assets at fair value</u>	31 December 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Investments	80,664,763	80,664,763	--	--	80,664,763
		31 December 2022			
<u>Financial assets at fair value</u>	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Investments	58,297,407	58,297,407	--	--	58,297,407

During the year, there were no transfers between the fair value hierarchy.

Other financial instruments such as cash and cash equivalents, dividend receivable, management fees payable, accrued expenses and other liabilities are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value due to their short-term nature. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3.

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There is no event subsequent to the statement of financial position date which require adjustments of or disclosure in the financial statement or notes thereto.

14. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these financial statements was 31 December 2023 (2022: 31 December 2022).

15. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund Board on 18 Ramadan 1445H (corresponding to 28 March 2024).