



Semi Annual Report to Unitholders 2024

Albilad Saudi Sovereign Sukuk ETF

C) Fund Manager

1) Name and address of the fund manager

Al-Bilad Investment Company "Al-Bilad Capital".

8162 King Fahd Road Olaya- Riyadh 12313-3701.

Kingdom of Saudi Arabia.

Phone: 8001160002

Fax: (966+) 112906299

Al-Bilad Investment Company website: www.albilad-capital.com

2) Names and addresses of sub-manager and/or investment advisor (if any):

Not applicable.

3) Review of the investment activities during the period:

During the year the fund mainly invested in Saudi sovereign sukuk denominated in Saudi riyals and listed on the Saudi market (Tadawul), and approved by the Shariah Board of the fund manager.

4) A report of investment fund performance during the period:

The benchmark's performance during the period was better than the fund's performance by 0.46%. Where the fund achieved -3.69% in comparison with the benchmark's performance which achieved -3.23%

5) Details of any material changes to the Fund's Terms and Conditions:

Not applicable.

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

Not applicable.

For more information contact us at:

Asset Management
Telephone: +966 11 2039888
Fax: +966 11 2039899
Website: <http://www.albilad-capital.com/En/AssetManagement>

Albilad Capital Headquarters:

Telephone: +966 920003636
Fax: +966 11 2906299
PO Box: Riyadh 12312- 3701, Saudi Arabia



Disclaimer: Past performance of the fund is no guide to future performance and the value of investments and income from them can fall as well as rise. Where included, benchmark and index data included in this document are provided for illustrative purposes only. To ensure proper understanding of the product and its suitability to the investor's risk profile, it is strongly recommended that the investor read the agreement and the terms and conditions of the fund. All rights reserved to Albilad Investment Company 2024 ©. (Commercial Registration No. 1010240489) dated 10/07/2017 G, 10/16/1438 H, and is regulated by Saudi Arabia's Capital Market Authority (license No. 08100-37) dated 01/08/1428H 14/08/2007



Semi Annual Report to Unitholders 2024

Albilad Saudi Sovereign Sukuk ETF

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Since August - 2019.

11) A disclosure of the expense ratio of each underlying fund at the end of year and the weighted average ratio of all underlying funds that invested in:

Not applicable.

E) Auditor

1) Name and address of auditor:

PricewaterhouseCoopers

Kingdom of Saudi Arabia P.O. B. 8282 Riyadh 11482

Phone: +966112110400

Fax: +966112110401

Website: www.pwc.com

F) Financial Statements

Financial statements for the semi annual accounting period of the investment fund has been prepared in accordance with SOCPA standards. (Financial Statements attached).

For more information contact us at:

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**ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY
ALBILAD INVESTMENT COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE UNITHOLDERS AND THE FUND MANAGER**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT
COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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Report on review of interim condensed financial statements

To the Unitholders and Fund Manager of
Albilad Saudi Sovereign Sukuk ETF

Introduction

We have reviewed the accompanying interim statement of financial position of Albilad Saudi Sovereign Sukuk ETF (the "Fund") as at 30 June 2024, and the related interim statements of comprehensive income, changes in equity attributable to the Unitholders and cash flows for the six-month period then ended and other explanatory notes. Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" as 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, as 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447

11 August 2024
(7 Safar 1446H)



ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT
COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

		As at 30 June 2024	As at 31 December 2023
	Note	(Unaudited)	(Audited)
Assets			
Cash and cash equivalents	5	500,761	616,185
Investments held at fair value through statement of income (FVSI)	6	83,800,660	91,852,232
Prepayments		1,202	1,202
Total assets		84,302,623	92,469,619
Liabilities			
Accrued management fee	5	33,734	24,165
Accrual and other liabilities		317,130	196,951
Total liabilities		350,864	221,116
Equity attributable to the Unitholders		83,951,759	92,248,503
Units in issue		10,300,000	10,900,000
Equity per unit in Saudi Riyals		8.1507	8.4632

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

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2024	2023
(Loss) / income			
Special commission income on investments held at FVSI		1,561,573	2,003,092
Unrealised (loss) / gain on re-measurement of investments held at FVSI, net		(2,110,302)	3,690,924
Realised loss on sale of investments held at FVSI, net		(1,162,376)	(921,891)
Total (loss) / income		(1,711,105)	4,772,125
Expenses			
Management fee	5	(25,705)	(63,899)
Custody fee	5	(21,384)	(31,425)
Other expenses		(100,464)	(106,932)
Total expenses		(147,553)	(202,256)
Net (loss) / income for the period		(1,858,658)	4,569,869
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		(1,858,658)	4,569,869
Weighted average number of units in issue in thousands		10,529,670	14,338,122
Earnings per unit in Saudi Riyals (Basic and diluted)		(0.1765)	0.3187

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

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2024	2023
Equity at the beginning of the period (Audited)		92,248,503	121,874,960
Changes from operations			
Total comprehensive (loss) / income for the period		(1,858,658)	4,569,869
Changes from units transactions			
Proceeds from issuances of units		-	6,213,050
Payment against redemption of units		(4,886,700)	(6,179,940)
Net change from units transactions		(4,886,700)	33,110
Dividend distribution	8	(1,551,386)	(2,030,675)
Equity at the end of the period (Unaudited)		83,951,759	124,447,264

	For the six-month period ended 30 June	
	2024 Units	2023 Units
Units at the beginning of the period (Audited)	10,900,000	14,100,000
Units issued	-	700,000
Units redeemed	(600,000)	(700,000)
Net change in units	(600,000)	-
Units at the end of the period (Unaudited)	10,300,000	14,100,000

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

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2024	2023
Cash flows from operating activities			
Net (loss) / income for the period		(1,858,658)	4,569,869
Adjustments for:			
- Unrealised loss / (gain) on investments held at FVSI, net		2,110,302	(3,690,924)
- Special commission income on investments held at FVSI, net		(1,561,573)	(2,003,092)
		(1,309,929)	(1,124,147)
Net changes in operating assets and liabilities			
Investments held at FVSI		5,898,989	996,654
Prepayments		-	14,636
Accrued management fee		9,569	16,110
Accruals and other liabilities		120,179	92,257
Cash generated from operations		6,028,737	1,119,657
Profit received on investments in sukuk		1,603,854	2,146,174
Net cash generated from operating activities		6,322,662	2,141,684
Cash flows from financing activities			
Proceeds from issuances of units		-	6,213,050
Payment against redemption of units		(4,886,700)	(6,179,940)
Dividend paid	8	(1,551,386)	(2,107,661)
Net cash used in financing activities		(6,438,086)	(2,074,551)
Net change in cash and cash equivalents		(115,424)	67,133
Cash and cash equivalents at the beginning of the period		616,185	633,170
Cash and cash equivalents at the end of the period		500,761	700,303
Supplemental information			
Purchase of investments		4,093,204	12,035,792
Sale of investments (carrying value)		9,992,193	13,032,446

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

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Albilad Saudi Sovereign Sukuk ETF (the “Fund”) is an open-ended exchange traded investment fund, managed by Albilad Investment Company (the “Fund Manager”), a subsidiary of Bank Albilad (the “Bank”) for the benefit of the Fund’s Unitholders (the “Unitholders”). The objective of the Fund is to seek to simulate the performance of Albilad Ideal Ratings sovereign Sukuk index, which includes Saudi Riyals denominated Sukuk, listed in the Saudi Exchange (Tadawul), with a maturity of 3 months or more.

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

Riyad Capital is the custodian (the “Custodian”) of the Fund.

In August 2019, the Capital Market Authority (“CMA”) approved Albilad Investment Company’s request to offer and register “Albilad Saudi Sovereign Sukuk ETF” units on Tadawul as Exchange Traded Fund (ETF). The Fund started trading on Tadawul as an ETF on Jumada Al-Thani 22, 1441H (corresponding to February 17, 2020, with the symbol 9403).

The Fund is governed by the Investment Fund Regulations (“the Regulations”) published by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) as amended by the resolution of the CMA Board on 12 Rajab 1442H (corresponding to 24 February 2021).

1.1 PRIMARY MARKET OPERATION (ISSUANCE AND REDEMPTION OF UNITS)

The primary market operations are only carried out by Fund Manager and the authorized Market Maker Albilad Investment Company. The Issuance and Redemption activities are done on the basis of blocks of exchange traded fund (ETF) units (for the Fund, one block equals 100,000 ETF Units), referred to Issuance and Redemption of Units respectively. The process of issuance and redemption of ETF units is on an in-kind basis whereby the Market Maker interexchange ETF Units of the Fund and the basket of assets (sukuk), through the custodian, for the purpose of issuance and redemption of ETF units. The issued units are then freely floated on Tadawul for public trading.

2 BASIS OF PREPARATION

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard 34 – “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023. In addition, results for the six-month period ended 30 June 2024, are not necessarily indicative of the actual results for the full year ending on 31 December 2024 and final results may differ.

The interim condensed financial statements have been prepared on a historical cost convention, except for the revaluation of investments held at fair value through statement of income (FVSI) and using accrual basis of accounting.

The principal accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those of the previous financial year i.e. 31 December 2023 except for note 3 below.

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

The preparation of these interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Fund’s accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2023.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

3 NEW STANDARDS AND AMENDMENTS

New standards, interpretations and amendments effective and adopted by the Fund in the current period

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. Several amendments apply for the first time in 2024, but do not have a significant impact on the interim condensed financial statements of the Fund.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non- current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024

Accounting standards issued but not yet effective and not early adopted

The following accounting standards, amendments, which will become effective from periods on or after 1 January 2025. The Fund has opted not to early adopt these pronouncements. Fund Manager is in process of making an assessment, however, it is expected that they do not have a significant impact on the Fund's interim condensed financial statements.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

3 NEW STANDARDS AND AMENDMENTS (continued)

Accounting standards issued but not yet effective (continued)

Standard/ interpretation	Description	Effective from periods beginning on or after Effective date deferred indefinitely
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027
Amendments to IFRS 9 and IFRS 7	These amendments address diversity in accounting practice by making the requirements more understandable and consistent.	1 January 2026
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	Effective 1 January 2024, however, not yet endorsed by SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	Effective 1 January 2024, however, not yet endorsed by SOCPA

4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). These interim condensed financial statements are presented in Saudi Riyals ("SR") which is the Fund's functional and presentation currency.

The Fund did not have any foreign currency transactions during the period ended 30 June 2024 (30 June 2023: Nil).

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

5 RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are in accordance with the Terms and Conditions of the Fund. All the related party transactions are approved by the Fund Board.

For management services, the Fund pays 0.3% (2023: 0.3%) as total expense out of which management fee is paid as remaining item after deducting all other expenses of Fund of the equity value at each Valuation Day of the Fund's equity value.

Fund Manager also recovers certain expenses incurred on behalf of the Fund within limits mentioned in the Terms and Conditions of the Fund.

Following table summarises the details of transactions with related parties:

Related party	Nature of relationship	Nature of transaction	For the six-month period ended 30 June (Unaudited)	
			2024	2023
Albilad Investment Company	Fund Manager	Management fee	25,705	63,899
Riyad Capital	Custodian of the Fund	Custody fee	21,384	31,425
Fund Board	Members of the Fund Board	Fund Board fee	1,995	1,984

Nature of balance	Related party	As at 30 June 2024	As at 31 December 2023
		(Unaudited)	(Audited)
Cash and cash equivalents	Riyad Capital - Custodian of the Fund	500,761	616,185
Custody fee payable	Riyad Capital - Custodian of the Fund	36,645	26,950
Accrued management fee	Albilad Investment Company - Fund Manager	33,734	24,165
Fund Board fee payable	Members of the Fund Board	3,745	4,000

6 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value hierarchy has the following levels:

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

ALBILAD SAUDI SOVEREIGN SUKUK ETF
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

6 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) as at 30 June 2024 and 31 December 2023:

As at 30 June 2024 (Unaudited)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial asset not measured at fair value					
Cash and cash equivalents	500,761	-	-	500,761	500,761
Financial asset measured at fair value					
Investments held at FVSI	83,800,660	83,800,660	-	-	83,800,660
	84,301,421	83,800,660	-	500,761	84,301,421
Financial liabilities not measured at fair value					
Accrued management fee	33,734	-	-	33,734	33,734
Accrual and other liabilities	317,130	-	-	317,130	317,130
	350,864	-	-	350,864	350,864

As at 31 December 2023 (Audited)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial asset not measured at fair value					
Cash and cash equivalents	616,185	-	-	616,185	616,185
Financial asset measured at fair value					
Investments held at FVSI	91,852,232	91,852,232	-	-	91,852,232
	92,468,417	91,852,232	-	616,185	92,468,417
Financial liabilities not measured at fair value					
Accrued management fee	24,165	-	-	24,165	24,165
Accrual and other liabilities	196,951	-	-	196,951	196,951
	221,116	-	-	221,116	221,116

Level 1 financial instruments comprise of investments in Saudi Government Sukuks which are fair valued using quoted rate on Saudi Exchange. The fair value of financial instruments not carried at fair value is not significantly different from carrying value as they are short term in nature.

7 FINANCIAL RISK MANAGEMENT

7.1 Financial risk factors

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

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

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

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

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

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

7 FINANCIAL RISK MANAGEMENT (continued)

7.1 Financial risk factors (continued)

(a) Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, commission rate risk and price risk.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency. The Fund has no transactions in foreign currency therefore, it is not exposed to foreign exchange risk.

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates. Fund has all its investment in fixed rate Saudi Government Sukuks, therefore, Fund is not exposed to commission rate risk.

Sensitivity

With a 10% change in the underlying SAIBOR with all the variables held constant, the income / cash flows for the year will increase / decrease as follows:

Cash and cash equivalents	+/- 10% change in SAIBOR	SR 50,076
Investment held at FVSI	+/- 10% change in SAIBOR	SR 8,380,066

(iii) Price risk

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

The price risk arises primarily from uncertainty about the future prices of the financial instruments that the Fund holds. Fund Manager closely monitors the price movement of its financial instruments listed at Saudi Exchange. The value of the Fund's investment in sukuk fluctuates because of the change in commission rate and accordingly the Fund is not exposed to price risk.

Sensitivity

Due to 10% change in the value of Saudi Government Sukuks, as at 30 June 2024, with all other variables held constant, the income and equity for the period would be higher / lower by SR 156,157.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Currently, the Fund is not exposed to any significant credit risk and concentration of credit risk other than Government sukuk. The Bank balance is held with bank which has a sound credit rating.

Financial assets measured at amortised cost were considered for ECL as on 30 June 2024. However, the impact of ECL on these assets was immaterial as the cash and cash equivalents are held with the Bank and Custodian with sound credit rating and Saudi Government sukuk have low credit risk. There is no history of default for recovery of these balances. Further the sukuk are carried at FVSI.

(c) Liquidity risk

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

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

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

7 FINANCIAL RISK MANAGEMENT (continued)

7.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Fund settles its financial liabilities relating to accrued management fee and other expenses on quarterly basis.

Fund manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through obtaining loan from related party, or liquidation of its investments.

Following table shows the Fund manager's expectation of timing for settlement of financial liabilities:

As at 30 June 2024
(Unaudited)

	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
Financial assets					
Cash and cash equivalents	500,761	-	-	-	500,761
Investments held at FVSI	-	403,742	4,465,732	78,931,186	83,800,660
	500,761	403,742	4,465,732	78,931,186	84,301,421
Financial liabilities					
Accrued management fee	-	-	33,734	-	33,734
Accruals and other liabilities	-	-	317,130	-	317,130
	-	-	350,864	-	350,864
Liquidity gap	500,761	403,742	4,114,868	78,931,186	83,950,557

As at 31 December 2023
(Audited)

	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
Financial assets					
Cash and cash equivalents	616,185	-	-	-	616,185
Investments held at FVSI	-	507,995	4,498,190	86,846,047	91,852,232
	616,185	507,995	4,498,190	86,846,047	92,468,417
Financial liabilities					
Accrued management fee	-	-	24,165	-	24,165
Accruals and other liabilities	-	-	196,951	-	196,951
	-	-	221,116	-	221,116
Liquidity gap	616,185	507,995	4,277,074	86,846,047	92,247,301

8 DIVIDEND DISTRIBUTION

During the six-month period ended 30 June 2024, the Fund has distributed the following dividends to the Unitholders:

Date of distribution	Outstanding units	Dividend per unit	Dividend distributed
03 January 2024	10,900,000	0.008320	90,688
05 February 2024	10,900,000	0.046534	507,220
05 March 2024	10,700,000	0.024191	258,844
03 April 2024	10,300,000	0.028367	292,177
05 May 2024	10,300,000	0.039074	402,457
			<u>1,551,386</u>

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8 DIVIDEND DISTRIBUTION (continued)

During the six-month period ended 30 June 2023, the Fund distributed the following dividends to the Unitholders:

Date of distribution	Outstanding units	Dividend per unit	Dividend distributed
31 January 2023	14,300,000	0.051319	733,855
01 March 2023	14,400,000	0.022427	322,942
03 April 2023	14,400,000	0.028655	412,625
01 May 2023	14,300,000	0.039248	561,253
			<u>2,030,675</u>

9 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities as at 30 June 2024 and 31 December 2023 are classified under amortized cost category except for investments held at FVSI which are classified as and measured at fair value.

10 SEGMENT REPORTING

The Fund carries a portfolio of listed government sukuks instruments on Saudi Stock Exchange. The Fund Manager periodically assesses the performance and allocates resources to the business as one unit and, as such, no separate operating segments were identified for financial reporting purposes. Consequently, segment reporting as required by IFRS 8 'Operating Segments' has not been disclosed.

11 CONTINGENCIES AND COMMITMENT

There were no contingencies and commitment as at 30 June 2024 (2023: Nil).

12 SUBSEQUENT EVENTS

There are no subsequent events / transactions that require adjustment to or disclosure in the interim condensed financial statements as at 30 June 2024.

13 LAST VALUATION DAY

In accordance with the Terms and Conditions of the Fund, the last valuation day for the purpose of the preparation of these interim condensed financial statements for the period was 30 June 2024 (31 December 2023).

14 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issuance by the Fund Board on 7 August 2024 (3 Safar 1446H).