

ALJAZIRA ASSET ALLOCATION FUND- GROWTH STRATEGY
A Public Open-Ended Fund
(Managed by Aljazira Capital Company)
Interim Condensed Financial Statements (Unaudited)
For the six-month period ended 30 June 2022
Together with the
Independent Auditor's Review Report to the Unitholders

ALJAZIRA ASSET ALLOCATION FUND- GROWTH STRATEGY
A Public Open-Ended Fund
(Managed by Aljazira Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
For the six-month period ended 30 June 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE UNITHOLDERS OF Aljazira Asset Allocation Fund- Growth Strategy

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Aljazira Asset Allocation Fund- Growth Strategy (the "Fund") managed by Aljazira Capital Company (the "Fund Manager") as at 30 June 2022 and the related interim statement of comprehensive (loss) / income, changes in net assets (Equity) attributable to the Unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management 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") that is 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 Engagement (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.
Riyadh, Kingdom of Saudi Arabia



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Certified Public Accountant
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10 Safar 1444H
6 September 2022G

ALJAZIRA ASSET ALLOCATION FUND- GROWTH STRATEGY
A Public Open-Ended Fund
(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

(Amounts in Saudi Arabian Riyals)

	Notes	30 June 2022 (Un-audited)	31 December 2021 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	4	677,344	94,588
Investments carried at fair value through profit or loss (FVTPL)	5	217,230,268	248,178,025
Prepayments and other receivables		857,944	-
TOTAL ASSETS		218,765,556	248,272,613
<u>LIABILITIES</u>			
Management fee payable		805,334	-
Payable to unit holders on redemption		677,344	-
Accrued expenses and other liabilities		143,276	74,034
TOTAL LIABILITIES		1,625,954	74,034
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		217,139,602	248,198,579
Units in issue (in numbers)	7	1,353,961	1,343,462
Net Asset (Equity) Value per unit		160.37	184.74

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

ALJAZIRA ASSET ALLOCATION FUND- GROWTH STRATEGY**A Public Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF COMPREHENSIVE (LOSS) / INCOME**For the six-month period ended 30 June 2022****(Amounts in Saudi Arabian Riyals)**

	<u>Notes</u>	<u>30 June 2022</u> <u>(Un-audited)</u>	<u>30 June 2021</u> <u>(Un-audited)</u>
<u>Income</u>			
Net (loss) /gain from investments carried at FVTPL	8	(32,983,553)	23,563,040
Dividend income		237,938	524,578
Other Income		857,921	-
		<u>(31,887,694)</u>	<u>24,087,618</u>
<u>Expenses</u>			
Management fee		(805,334)	-
Other expenses		(40,564)	82,611
Custody fees		(34,405)	-
Foreign exchange losses		(34,150)	-
		<u>(914,453)</u>	<u>82,611</u>
Net (loss)/ income for the period		(32,802,147)	24,005,007
Other comprehensive income for the period		-	-
Total comprehensive (loss)/ income for the period		(32,802,147)	24,005,007

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

ALJAZIRA ASSET ALLOCATION FUND- GROWTH STRATEGY**A Public Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS**For the six-month period ended 30 June 2022****(Amounts in Saudi Arabian Riyals)**

	30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
Net assets (Equity) attributable to the Unitholders at beginning of the period	248,198,580	192,628,858
Total comprehensive (loss)/ income for the period	(32,802,147)	24,005,007
Changes from unit transactions		
Issuance of units	36,456,915	39,751,020
Redemption of units	(34,713,746)	(27,978,782)
Net changes from unit transactions	1,743,169	11,772,238
Net assets (Equity) attributable to the Unitholders at end of the period	217,139,602	228,406,103

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

ALJAZIRA ASSET ALLOCATION FUND- GROWTH STRATEGY**A Public Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF CASH FLOWS**For the six-month period ended 30 June 2022****(Amounts in Saudi Arabian Riyals)**

	Notes	30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
<u>Cash flows from operating activities:</u>			
Net (loss) /income for the period		(32,802,147)	24,005,007
Adjustments for:			
- Unrealized loss from investments carried at FVTPL	8	<u>23,284,408</u>	<u>780,334</u>
		(9,517,739)	24,785,341
<u>Net changes in operating assets and liabilities:</u>			
Investments carried at FVTPL		7,663,350	(36,571,823)
Prepayments and other receivables		(857,944)	35
Accrued expenses and other liabilities		69,242	(6,746)
Management fee payable		<u>805,334</u>	-
Net cash used in operating activities		<u>(1,837,757)</u>	<u>(11,793,193)</u>
<u>Cash flows from financing activities:</u>			
Proceeds from issuance of units		36,456,915	39,751,020
Redemption of units, net off redemption payable		<u>(34,036,402)</u>	<u>(27,960,174)</u>
Net cash generated from financing activities		<u>2,420,513</u>	<u>11,790,846</u>
Net change in cash and cash equivalents		582,756	(2,347)
Cash and cash equivalents at beginning of the period		<u>94,588</u>	<u>2,347</u>
Cash and cash equivalents at end of the period		<u>677,344</u>	<u>-</u>
Supplementary information:			
Payable to unitholders on account of redemption		<u>677,344</u>	<u>18,608</u>

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

ALJAZIRA ASSET ALLOCATION FUND- GROWTH STRATEGY

A Public Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

(Amounts in Saudi Arabian Riyals)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Aljazira Asset Allocation Fund – Growth Strategy (the “Fund”) is an open-ended, Saudi Investment fund established and managed through an agreement between Aljazira Capital Company – a Saudi Closed Joint Stock Company (the “Fund Manager”) and the investors (the “unitholders”) in the Fund. The Fund Manager is a wholly owned subsidiary of Bank Aljazira (the “Bank”). The Capital Market Authority (“CMA”) approval to continue issuing units to public was granted vide its letter no 700/5 dated 01 Rabi Al-Thani 1434H (corresponding to 12 February 2013). The Fund commenced its operations on 9 March 2013.

The Fund operates under the terms and conditions contained in its prospectus with the prime objective of providing the investors with the opportunities to invest in Shariah compliant investments securities in emerging economies to achieve the long-term capital growth. The Fund’s net income is re-invested in the Fund, which is reflected in the net assets (equity) attributable to each unit.

The Fund’s Manager and administrator is Aljazira Capital Company. The Fund’s assets are held in the custody of Northern Trust Securities (the “Custodian”).

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha’ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

2 BASIS OF PREPARATION

2.1. Statement of compliance

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Certified Public Accountants (SOCPA) and should be read in conjunction with the Fund’s last annual financial statement for the year ended 31 December 2021. The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.2. Basis of measurement

These interim condensed financial statements have been prepared on a historical cost basis, except for investments that are measured at FVTPL.

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.

2.3. Functional and presentation currency

Items included in these 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 Riyal (SAR) which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at date of the interim statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive income / (loss).

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2021. There are new standards, amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

There are several other amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial statements. In the opinion of the Fund's Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

3.2 Critical accounting estimates and assumptions

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 recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Fund's accounting policies, the management has made the following estimate and judgment which is significant to these interim condensed financial statements:

3.2.1 Going concern

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. Accordingly, these interim condensed financial statements have been prepared on a going concern basis.

4 CASH AND CASH EQUIVALENTS

	<u>Notes</u>	<u>30 June 2022</u> <u>(Un-audited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
Cash at Bank	4.1	<u>677,344</u>	<u>94,588</u>
		<u>677,344</u>	<u>94,588</u>

4.1. Cash at Bank is held in current accounts with Bank Aljazira, a related party (Also see Note 1). The Fund does not earn profit on these current accounts.

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5 INVESTMENTS CARRIED AT FVTPL

Investments carried at FVTPL comprise of the following:

Name of Fund	30 June 2022 (Un-audited)		
	Cost	Fair value	%
Funds Managed by the Fund Manager			
Aljazira International Equities Fund	125,341,515	105,429,602	48.53%
Aljazira Saudi Equity Fund	67,551,985	64,921,517	29.89%
Aljazira Saudi Riyal Murabaha Fund	21,003,990	21,145,394	9.73%
Aljazira Sukuk Fund	17,108,390	16,145,540	7.43%
Other Funds			
Riyadh Diversified Trading Riyal Fund	9,508,796	9,588,215	4.41%
Total	240,514,676	217,230,268	100.00%

Name of Fund	31 December 2021 (Audited)		
	Cost	Fair value	%
Funds managed by the Fund Manager			
Aljazira GCC Income Fund	25,924,340	34,911,880	14.07%
Aljazira International Equities Fund	27,898,425	34,481,218	13.89%
Aljazira European Equities Fund	28,699,479	33,580,650	13.53%
Aljazira Saudi Equities Fund	24,322,713	32,473,795	13.08%
Aljazira Japanese Equities Fund	32,373,255	32,196,455	12.97%
Aljazira Global Emerging Marketing Fund	32,035,958	31,397,231	12.65%
Aljazira Saudi Riyal Murabaha Fund	21,196,804	21,381,697	8.62%
	192,450,975	220,422,925	88.82%
Other Funds			
Riyadh Capital Murabaha Fund	21,633,934	21,821,277	8.79%
Falcom Murabaha Fund	5,833,984	5,933,824	2.39%
Total	219,918,894	248,178,025	100.00%

6 RELATED PARTIES TRANSACTIONS AND BALANCES**Management fee and other expenses**

As per revised terms and conditions dated 17 April 2022 the fund pays a management fee amounting to 0.95% of the fund's net asset value. These fees are calculated on a daily basis and paid on a quarterly basis.

The Fund Manager recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fee, board compensation and other similar charges. These expenses are not expected to exceed an annual rate of 0.5% of the value of the Fund's net asset calculated on daily basis

Transactions with related parties

During the period, the Fund entered into the following significant transactions with related parties in the ordinary course of its business. These transactions were carried out on the basis of approved terms and conditions of the Fund.

Related parties	Nature of relationship	Nature of transaction	30 June 2022	30 June 2021
			(Un-audited)	(Un-audited)
Aljazira Capital Company	Fund Manager	Management fee	(805,334)	-
Fund's Board	Key executive	Board remuneration	(11,967)	11,901

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(Amounts in Saudi Arabian Riyals)

6 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)
Balances with related parties

Related parties	Nature of relationship	Nature of transaction	30 June 2022 (Un-audited)	31 December 2021 (Audited)
Bank Aljazira	Affiliate	Cash at Bank	677,344	94,588
Aljazira Capital Company	Fund Manager	Management fee payable	(805,334)	-
Fund's Board	Key executive	Board remuneration	(35,836)	-

Related Party	Nature of transactions	Amount of transactions		Value of units held as at	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Aljazira Saudi Riyal Murabaha Fund	Proceeds from subscription of units	1,029,409	23,885,426	21,145,394	21,381,697
	Proceeds from redemption of units	(1,412,240)	(5,881,145)	-	-
Aljazira European Equities Fund	Proceeds from subscription of units	1,112,175	28,048,669	-	33,580,650
	Proceeds from redemption of units	(29,464,658)	(273,849)	-	-
Aljazira Japanese Equities Fund	Proceeds from subscription of units	2,118,293	29,714,797	-	32,196,455
	Proceeds from redemption of units	27,460,343	(26,586,209)	-	-
Aljazira GCC Income Fund	Dividend Income	-	524,577	-	-
	Proceeds from subscription of units	18,942	27,392,208	-	34,911,880
Aljazira International Equities Fund	Proceeds from redemption of units	42,507,285	(1,220,440)	-	-
	Proceeds from subscription of units	93,432,000	58,706,338	105,429,602	34,481,218
Aljazira Global Emerging Markets Fund	Proceeds from redemption of units	(2,405,258)	(5,432,446)	-	-
	Proceeds from subscription of units	1,627,451	-	-	31,397,231
Aljazira Saudi Equities Fund	Proceeds from redemption of units	(27,608,033)	(26,269,156)	-	-
	Proceeds from subscription of units	37,720,324	27,566,054	64,921,517	32,473,795
	Proceeds from redemption of units	2,979,228	(27,515,176)	-	-

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(Amounts in Saudi Arabian Riyals)

6 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

Related Party	Nature of transactions	Amount of transactions		Value of units held as at	
		30 June 2022	30 June 2021	30 June 2022	31 December 2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Dividend Income	237,938	-	-	-
Aljazira Sukuk Fund	Proceeds from subscription of units	17,670,533	-	16,145,540	-
	Proceeds from redemption of units	(554,003)	-	-	-

Certain units of the Fund are subscribed by an affiliate of the Fund Manager, the details of outstanding units at period ends are as follows:

Name of related parties	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	<i>(Unit in numbers)</i>	
Affiliate		
Aljazira Takaful Taawuni Company	1,289,375	1,243,273

7 UNIT TRANSACTIONS

Transactions in units for the period / year are summarized as follows:

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	<i>(Unit in numbers)</i>	
Units at beginning of the period / year	1,343,462	1,202,243
Units issued during the period / year	207,588	479,217
Units redeemed during the period / year	(197,089)	(337,998)
Net change in units	10,499	141,219
Units at end of the period / year	1,353,961	1,343,462

8 NET (LOSS) / GAIN FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
Unrealized loss on revaluation of investments	(23,284,408)	(780,334)
Realised (loss) / gain on disposal of investments	(9,699,145)	24,343,374
	(32,983,553)	23,563,040

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(Amounts in Saudi Arabian Riyals)

9 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2022 (Un-audited)	Amortized cost	FVTPL
Assets as per interim statement of financial position		
Cash and cash equivalents	677,344	-
Investments carried at FVTPL	-	217,230,268
Prepayment and other receivables	857,944	-
Total	1,535,288	217,230,268

Liabilities as per interim statement of financial position

Accrued expenses and other liabilities	143,276	-
Payable to unit holders on redemption	677,344	-
Management fee payable	805,334	-
Total	1,625,954	-

31 December 2021 (Audited)	Amortized cost	FVTPL
Assets as per statement of financial position		
Cash and cash equivalents	94,588	-
Investments carried at FVTPL	-	248,178,025
Total	94,588	248,178,025

Liabilities as per statement of financial position

Accrued expenses and other liabilities	74,034	-
Total	74,034	-

10 FINANCIAL RISK MANAGEMENT

The objective of the Funds is to safeguard its 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, liquidity risk and operational risk.

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

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

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

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency. Although the fund has investment portfolio in USD it is not exposed to foreign risk as USD is fixed against SAR

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

The Fund is not subject to commission rate risk, as it does not have any significant variable commission rate bearing financial instruments.

(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 financial instruments that the Fund holds. The Fund closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, the Fund has investments in mutual funds (Note 5).

The effect on the net assets (equity) value (as a result of the change in the fair value of significant investments as at 30 June 2022 and 31 December 2021) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Funds managed by Fund Manager				
Aljazira International Shares Fund	+/- 1%	+/- 1,054,296	+/- 1%	+/- 344,812
Aljazira Saudi Equity Fund	+/- 1%	+/- 649,215	+/- 1%	+/- 324,738
Aljazira Saudi Riyal Murabaha Fund	+/- 1%	+/- 211,454	+/- 1%	+/- 213,817
Aljazira Sukuk Fund	+/- 1%	+/- 161,455	+/- 1%	-
Aljazira GCC Income Fund	+/- 1%	-	+/- 1%	+/- 349,119
Aljazira European Equities Fund	+/- 1%	-	+/- 1%	+/- 335,807
Aljazira Japanese Equity Fund	+/- 1%	-	+/- 1%	+/- 321,965
Aljazira Global Emerging Marketing Fund	+/- 1%	-	+/- 1%	+/- 313,972
Other funds				
Riyadh Diversified Trading Riyal Fund	+/- 1%	+/- 213,666	+/- 1%	+/- 218,213
Falcom Murabaha Fund	+/- 1%	-	+/- 1%	+/- 59,338

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10 FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Credit risk**

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

It is the Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Fund is exposed to credit risk for its cash and cash equivalents. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

The credit quality of the Fund's cash and cash equivalent is assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. The bank balances and Murabaha placements along with credit ratings are tabulated below:

Rating of financial institution	30 June 2022 (Unaudited)	31 December 2021 (Unaudited)
Cash and cash equivalents		
BBB+	677,344	94,588

(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 Saudi business day and it is, therefore, exposed to the liquidity risk of meeting 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 interim 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 from the Fund Manager.

	30 June 2022 (Un-audited)		
	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	677,344	-	677,344
Investments carried at FVTPL	217,230,268	-	217,230,268
Prepayment and other receivables	857,944	-	857,944
Total	218,765,556	-	218,765,556
Accrued expenses and other liabilities	143,276	-	143,276
Payable to unitholder on account of redemption	677,344	-	677,344
Management fee payable	805,334	-	805,334
Total	1,625,954	-	1,625,954
	31 December 2021 (Audited)		
	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	94,588	-	94,588
Investments carried at FVTPL	248,178,025	-	248,178,025
Total	248,272,613	-	248,272,613
Accrued expenses and other liabilities	74,034	-	74,034
Total	74,034	-	74,034

ALJAZIRA ASSET ALLOCATION FUND- GROWTH STRATEGY

A Public Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

(Amounts in Saudi Arabian Riyals)

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

11 FAIR VALUE ESTIMATION

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

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

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.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity instruments. The Fund does not adjust the quoted price for these instruments.

The Fund classifies all of its financial assets, except for those carried at amortized cost, at fair value as Level 2.

Valuation technique for calculating the fair value of investments under Level 2 comprises of determining the net asset value per unit of the funds which is based on observable market data.

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the end of the reporting period during which the change has occurred. During the period, there was no transfer in fair value hierarchy for the financial assets held at fair value through profit or loss.

Other financial instruments such as, cash and cash equivalents are short-term financial assets whose carrying amount approximate their fair value, because of their short-term nature and the high credit quality of counterparty. For all other financial assets and liabilities, the carrying value is an approximation of fair value.

12 EVENTS AFTER THE END OF THE REPORTING PERIOD

There has been no significant event after the interim statement of financial position date, which in the opinion of the management requires recognition or disclosure in the interim condensed financial statements.

13 LAST VALUATION DAY

The last valuation day for the purpose of preparation of these interim condensed financial statements was 29 June 2022 (2021: 29 December 2021). There is no material change in the net assets (equity) attributable to each unit of the Fund between last valuation day and its financial period end i.e. 30 June 2022.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

(Amounts in Saudi Arabian Riyals)

14 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Fund's Board on 05 Safar1444H corresponding to 01 September 2022G.