

**ALJAZIRA GLOBAL EMERGING MARKETS FUND**  
**Open-Ended Fund**  
**(Managed by Aljazira Capital Company)**  
**Interim Condensed Financial Statements (Unaudited)**  
**For the six-months period ended 30 June 2023**  
**Together with the**  
**Independent Auditor's Review Report to the Unitholders**

**ALJAZIRA GLOBAL EMERGING MARKETS FUND**

**Open-Ended Fund**

**(Managed by Aljazira Capital Company)**

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**INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**

**For the six-months period ended 30 June 2023**

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

### TO THE UNITHOLDERS OF ALJAZIRA GLOBAL EMERGING MARKETS FUND

#### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of ALJAZIRA GLOBAL EMERGING MARKETS FUND (the "Fund"), managed by Aljazira Capital Company (the Fund Manager) as at 30 June 2023 and the related interim statement of comprehensive income / (loss), interim changes in net assets (equity) attributable to the unitholders and interim cash flows for the six-months 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.



Ahmed A. Mohandis  
Certified Public Accountant  
License No. 477

Riyadh: 23 Muharram 1445H

Corresponding to: 10 August 2023



**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**INTERIM STATEMENT OF FINANCIAL POSITION****As at 30 June 2023****(Amounts in United States Dollars)**

	<b>Notes</b>	<b>30 June 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	<b>4</b>	<b>105,955</b>	408,040
Investments carried at fair value through profit or loss (FVTPL)	<b>5</b>	<b>5,929,152</b>	5,964,160
Receivable against sale of investments		<b>140,518</b>	-
Accrued dividend		<b>22,597</b>	3,685
Prepayments and other receivables		<b>2,611</b>	8,290
<b>TOTAL ASSETS</b>		<b>6,200,833</b>	6,384,175
<b><u>LIABILITIES</u></b>			
Management fee payable	<b>6</b>	<b>30,215</b>	65,974
Payable to Unitholders on account of redemptions		<b>84,123</b>	-
Payable against purchase of investments		<b>192,205</b>	-
Accrued expenses and other liabilities		<b>29,827</b>	110,012
<b>TOTAL LIABILITIES</b>		<b>336,370</b>	175,986
<b>NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS</b>		<b>5,864,463</b>	6,208,189
<b>Units in issue (in numbers)</b>	<b>7</b>	<b>47,361</b>	50,448
<b>Net Asset (Equity) Value per unit</b>		<b>123.82</b>	123.06

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

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**INTERIM STATEMENT OF COMPREHENSIVE INCOME / (LOSS)****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)**

	<b>Notes</b>	<b>30 June 2023 (Un-audited)</b>	<b>30 June 2022 (Un-audited)</b>
<b><u>Income</u></b>			
Net gain / (loss) from investments carried at FVTPL	<b>8</b>	<b>66,471</b>	(3,032,640)
Dividend income		<b>66,860</b>	140,833
Other income		-	9,493
		<b>133,331</b>	(2,882,314)
<b><u>Expenses</u></b>			
Management fee	<b>6</b>	<b>(66,524)</b>	(136,034)
Custody Fees		<b>(6,318)</b>	(62,397)
Other expenses		<b>(22,164)</b>	(80,436)
		<b>(95,006)</b>	(278,867)
<b>Net income / (loss) for the period</b>		<b>38,325</b>	(3,161,181)
Other Comprehensive Income		-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>38,325</b>	(3,161,181)

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)**

	<b>30 June 2023</b> <b>(Un-audited)</b>	30 June 2022 (Un-audited)
<b>Net assets (Equity) attributable to the Unitholders at beginning of the period</b>	<b>6,208,189</b>	21,464,563
<b>Total comprehensive income / (loss) for the period</b>	<b>38,325</b>	(3,161,181)
<b>Changes from unit transactions</b>		
Issuance of units	<b>50,125</b>	1,067,966
Redemption of units	<b>(432,176)</b>	(12,835,988)
Net changes from unit transactions	<b>(382,051)</b>	(11,768,022)
<b>Net assets (Equity) attributable to the Unitholders at end of the period</b>	<b>5,864,463</b>	6,535,360

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

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**INTERIM STATEMENT OF CASH FLOWS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)**

	<b>Notes</b>	<b>30 June 2023 (Un-audited)</b>	<b>30 June 2022 (Un-audited)</b>
<b><u>Cash flows from operating activities:</u></b>			
<b>Net income / (loss) for the period</b>		<b>38,325</b>	<b>(3,161,181)</b>
Adjustments for:			
- Unrealized (gain) / loss from investments carried at FVTPL	<b>8</b>	<b>(280,511)</b>	<b>2,957,271</b>
		<b>(242,186)</b>	<b>(203,910)</b>
<b><u>Net changes in operating assets and liabilities:</u></b>			
Investments carried at FVTPL		<b>315,519</b>	<b>11,589,024</b>
Receivable against sale of investments		<b>(140,518)</b>	<b>(74,005)</b>
Accrued dividend		<b>(18,912)</b>	<b>25,149</b>
Prepayments and other receivables		<b>5,679</b>	<b>2,435</b>
Due from related party		<b>-</b>	<b>(9,493)</b>
Management fee payable		<b>(35,759)</b>	<b>(84,398)</b>
Payable against purchase of investments		<b>192,205</b>	<b>23,474</b>
Dividend payable		<b>(21,051)</b>	<b>1,237</b>
Accrued expenses and other liabilities		<b>(59,134)</b>	<b>77,352</b>
<b>Net cash (used in) / generated from operating activities</b>		<b>(4,157)</b>	<b>11,346,865</b>
<b><u>Cash flows from financing activities:</u></b>			
Proceeds from issuance of units		<b>50,125</b>	<b>1,067,966</b>
Redemption of units, net off payable to unitholders		<b>(348,053)</b>	<b>(12,835,355)</b>
<b>Net cash used in financing activities</b>		<b>(297,928)</b>	<b>(11,767,389)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(302,085)</b>	<b>(420,524)</b>
Cash and cash equivalents at beginning of the period	<b>4</b>	<b>408,040</b>	<b>636,901</b>
<b>Cash and cash equivalents at end of the period</b>	<b>4</b>	<b>105,955</b>	<b>216,377</b>
<b><u>Supplementary information:</u></b>			
Payable to unitholders on account of redemption		<b>84,123</b>	<b>633</b>

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

# **ALJAZIRA GLOBAL EMERGING MARKETS FUND**

## **Open-Ended Fund**

(Managed by Aljazira Capital Company)

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the six-months period ended 30 June 2023**

**(Amounts in United States Dollars)**

### **1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Aljazira Global Emerging Markets Fund (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”). 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 5578/5 dated 8 Safar 1432H (corresponding to 13 January 2011). The Fund commenced its operations on 01 January 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 attributable to each unit.

The Fund is administered by Northern Trust (the “Administrator”). The Fund’s assets are held in the custody of Northern Trust Securities (the “Custodian”). Lazard Asset Management Limited acts as a Fund Sub Manager to the Fund. Fee paid to the Fund Sub Manager is borne by the Fund Manager except for performance fee which is borne by the Fund and paid to Fund Manager for onward settlement.

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 2022. The results for the six-months period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

#### **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 fair value.

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**

These interim condensed financial statements are presented in United States Dollar (USD) which is the Fund’s functional and presentation currency.

#### *Transactions and balances*

Foreign currency transactions are translated into USD using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into USD 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 (loss) / income.



**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)****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 2022. There are new standards, amendments and interpretations apply for the first time in 2023, 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, management has made the following estimate and judgment which is significant to these interim condensed financial statements:

**3.2.1 Going concern**

The management 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**

	<b>Notes</b>	<b>30 June 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
Cash with Custodian	<b>4.1</b>	<b>105,955</b>	408,040
		<b>105,955</b>	408,040

**4.1.** These funds are placed with the Custodian (also see Note 1).

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)****5 INVESTMENTS CARRIED AT FVTPL**

Investments in equity instruments carried at FVTPL comprise of the following:

Industry sector	30 June 2023 (Un-audited)		
	Cost	Fair value	%
Internet	1,508,313	1,162,269	19.60%
Semiconductors	578,811	883,069	14.89%
Computers	312,561	359,594	6.06%
Pharmaceuticals	297,732	310,503	5.24%
Electrical equipment	215,549	265,907	4.48%
Telecommunications	231,538	228,132	3.85%
Oil and gas	210,658	204,672	3.45%
Auto Manufacturers	184,148	192,310	3.24%
Mining	200,571	178,824	3.02%
Commercial services	198,206	175,517	2.96%
Chemicals	219,291	173,080	2.92%
Iron and Steel	386,975	165,888	2.80%
Food	119,676	158,212	2.67%
Banks	121,142	133,927	2.26%
Healthcare services	127,077	129,728	2.19%
Others	1,190,621	1,207,520	20.37%
<b>Total</b>	<b>6,102,869</b>	<b>5,929,152</b>	<b>100.00%</b>

Industry sector	31 December 2022 (Audited)		
	Cost	Fair value	%
Internet	1,655,309	1,339,529	22.46%
Semiconductors	670,789	769,413	12.90%
Pharmaceuticals	293,535	305,790	5.13%
Computers	206,462	301,843	5.06%
Iron/Steel	427,865	269,069	4.51%
Oil and gas	271,263	257,606	4.32%
Chemicals	277,212	238,777	4.00%
Electrical component and equipment	212,086	209,771	3.52%
Telecommunication and technology	227,330	207,016	3.47%
Commercial services	173,352	182,114	3.05%
Auto manufacturing	297,604	161,588	2.71%
Healthcare services	165,053	159,087	2.67%
Electronics	198,415	148,962	2.50%
Mining	168,309	140,794	2.36%
Retail	141,036	138,755	2.33%
Food	86,308	128,557	2.16%
Others	1,035,238	1,005,489	16.86%
<b>Total</b>	<b>6,507,166</b>	<b>5,964,160</b>	<b>100.00%</b>

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)****6 RELATED PARTIES TRANSACTIONS AND BALANCES*****Management fee and other expenses***

For management services, the Fund pays quarterly management fees at an annual rate of 1.95% of the net assets (equity) of the Fund attributable to Unitholders, at each valuation date, as set out in the Fund's terms and conditions.

The Fund pays performance fees at a rate of 20% on the specified benchmark criteria as per the Fund's terms and conditions.

The Fund Manager recovers from the Fund any other expenses incurred on behalf of the Fund such as board compensation, Shariah supervisory board compensation and other similar charges. These expenses are not expected to exceed an annual rate of 0.25% of the value of Fund's net assets (equity) calculated on a 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.

<b>Related parties</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>30 June 2023 (Un-audited)</b>	<b>30 June 2022 (Un-audited)</b>
Aljazira Capital Company	Fund Manager	Management fee	<b>(66,524)</b>	(136,034)
Bank Aljazira	Affiliate	Bank charges	-	423
Fund's Board	Key executive	Board remuneration	<b>(2,560)</b>	2,660

Certain units of the Fund are subscribed by an affiliate of the Fund Manager and other funds managed and administered by the Fund Manager, the details of outstanding units as at period end/ year end are as follows:

<b>Related parties and nature of relationship</b>	<b>30 June 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
<b><i>(Unit in numbers)</i></b>		
<b>Affiliate</b>		
Aljazira Capital Company	<b>26,799</b>	26,799

***Balances with related parties***

<b>Related parties</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>30 June 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
Aljazira Capital Company	Fund Manager	Management fee payable	<b>(30,215)</b>	(65,974)
Fund's Board	Key executive	Remuneration payable *	<b>(2,528)</b>	(10,637)

\* Classified in interim statement of financial position under accrued expenses and other liabilities.

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)****7 UNIT TRANSACTIONS**

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

	<b>30 June 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
	<i>(Unit in numbers)</i>	
<b>Units at beginning of the period / year</b>	<b>50,448</b>	<b>141,327</b>
Units issued during the period / year	<b>392</b>	<b>10,003</b>
Units redeemed during the period / year	<b>(3,479)</b>	<b>(100,882)</b>
Net change in units	<b>(3,087)</b>	<b>(90,879)</b>
<b>Units at end of the period / year</b>	<b>47,361</b>	<b>50,448</b>

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

	<b>30 June 2023</b> <b>(Un-audited)</b>	<b>30 June 2022</b> <b>(Un-audited)</b>
Unrealized gain / (loss) on revaluation of investments	<b>280,511</b>	<b>(2,957,271)</b>
Realised (loss) / gain on disposal of investments	<b>(214,040)</b>	<b>(75,369)</b>
	<b>66,471</b>	<b>(3,032,640)</b>

**9 FINANCIAL INSTRUMENTS BY CATEGORY**

<b>30 June 2023 (Un-audited)</b>	<b>Amortized cost</b>	<b>FVTPL</b>
<b>Assets as per interim statement of financial position</b>		
Cash and cash equivalents	<b>105,955</b>	<b>-</b>
Investments carried at FVTPL	<b>-</b>	<b>5,929,152</b>
Receivable against sale of investments	<b>140,518</b>	<b>-</b>
Accrued dividend	<b>22,597</b>	<b>-</b>
Prepayments and other receivables	<b>2,611</b>	<b>-</b>
<b>Total</b>	<b>271,681</b>	<b>5,929,152</b>
<b>Liabilities as per interim statement of financial position</b>		
Management fee payable	<b>30,215</b>	<b>-</b>
Payable to Unitholders on account of redemption	<b>84,123</b>	<b>-</b>
Payable against purchase of investments	<b>192,205</b>	<b>-</b>
Accrued expenses and other liabilities	<b>29,827</b>	<b>-</b>
<b>Total</b>	<b>336,370</b>	<b>-</b>

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)****9 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

31 December 2022 (Audited)	<b>Amortized cost</b>	<b>FVTPL</b>
<b>Assets as per statement of financial position</b>		
Cash and cash equivalents	408,040	-
Investments carried at FVTPL	-	5,964,160
Dividend receivable	3,685	-
Prepayments and other receivables	8,290	-
<b>Total</b>	<b>420,015</b>	<b>5,964,160</b>

31 December 2022 (Audited)

<b>Liabilities as per statement of Financial Position</b>	<b>Amortized cost</b>	<b>FVTPL</b>
Management fee payable	65,974	-
Accrued expenses and other liabilities	110,012	-
<b>Total</b>	<b>175,986</b>	<b>-</b>

**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.

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)****10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(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.

The Fund's significant investments in equity instruments carried at fair value through profit or loss are exposed to the foreign exchange risk in following currencies:

Currency	Country	30 June 2023 (Un-audited)		31 December 2022 (Audited)	
		Fair value	%	Fair value	%
TWD	Taiwan	1,418,300	23.92	1,149,655	19.28
HKD	Hong Kong	1,251,343	21.10		
INR	India	--	--	793,512	13.30
CNY	China	595,036	10.04	2,620,977	43.95
BRL	Brazil	212,134	3.58	269,069	4.51
AED	United Arab Emirates	191,474	3.23	130,606	2.19
ZAR	South Africa	89,858	1.52	147,990	2.48
MYR	Malaysia	169,870	2.86	126,088	2.11
THB	Thailand	167,094	2.82	128,190	2.15
MXN	Mexico	157,120	2.65	131,440	2.20
IDR	Indonesia	134,873	2.27	179,448	3.01
	Others	261,529	4.41	549,231	9.21

The effect on the net assets (equity) value (as a result of the change in the fair value of investments as at 30 June 2023 and 31 December 2022) due to a reasonably possible change in exchange rates based on the currency concentration, with all other variables held constant is as follows:

Currency	Country	30 June 2023 (Un-audited)		31 December 2022 (Audited)	
		Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
TWD	Taiwan	+/-14,183	+/- 1%	+/- 1%	+/-11,497
HKD	Hong Kong	+/-12,513	+/- 1%	+/- 1%	-
INR	India	--	+/- 1%	+/- 1%	+/- 7,935
CNY	China	+/-5,950	+/- 1%	+/- 1%	+/-26,210
BRL	Brazil	+/-2,121	+/- 1%	+/- 1%	+/- 2,691
AED	United Arab Emirates	+/-1,915	+/- 1%	+/- 1%	+/- 1,306
ZAR	South Africa	+/-898	+/- 1%	+/- 1%	+/- 1,480
MYR	Malaysia	+/-1,699	+/- 1%	+/- 1%	+/- 1,261
THB	Thailand	+/-1,671	+/- 1%	+/- 1%	+/- 1,282
MXN	Mexico	+/-1,571	+/- 1%	+/- 1%	+/- 1,314
IDR	Indonesia	+/-1,349	+/- 1%	+/- 1%	+/- 1,794
	Others	+/-2,615	+/- 1%	+/- 1%	+/- 5,492

**ALJAZIRA GLOBAL EMERGING MARKETS FUND**

**Open-Ended Fund**

(Managed by Aljazira Capital Company)

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the six-months period ended 30 June 2023**

**(Amounts in United States Dollars)**

**10 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Market risk (Continued)**

*(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.

The Fund is not subject to commission rate risk, as it does not have any significant commission 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 listed equity securities (Note 5).

**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)****10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (Continued)***(iii) Price risk (Continued)*

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 2023 and 31 December 2022) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	<b>30 June 2023</b>		<b>31 December 2022</b>	
	<b>(Un-audited)</b>		<b>(Audited)</b>	
	<b>Potential reasonable change %</b>	<b>Effect on NAV</b>	<b>Potential reasonable change %</b>	<b>Effect on NAV</b>
Internet	+/- 1%	+/- 11,623	+/- 1%	+/-13,395
Semiconductors	+/- 1%	+/- 8,831	+/- 1%	+/-7,694
Computers	+/- 1%	+/- 3,596	+/- 1%	+/-3,018
Pharmaceuticals	+/- 1%	+/- 3,105	+/- 1%	+/-3,058
Oil and Gas	+/- 1%	+/- 2,047	+/- 1%	+/-2,576
Chemicals	+/- 1%	+/- 1,731	+/- 1%	+/-2,388
Retail	+/- 1%	-	+/- 1%	+/-1,388
Mining	+/- 1%	+/- 1,788	+/- 1%	+/-1,408
Telecommunication and technology	+/- 1%	+/- 2,281	+/- 1%	+/-2,070
Electric and electronics	+/- 1%	-	+/- 1%	+/-1,490
Food	+/- 1%	+/- 1,582	+/- 1%	+/-1,286
Banks	+/- 1%	+/- 1,339	+/- 1%	-
Iron/Steel	+/- 1%	+/- 1,659	+/- 1%	+/-2,691
Electrical component and equipment	+/- 1%	+/- 2,659	+/- 1%	+/-2,098
Commercial services	+/- 1%	+/- 1,755	+/- 1%	+/-1,821
Auto manufacturing	+/- 1%	+/- 1,923	+/- 1%	+/-1,616
Healthcare services	+/- 1%	+/- 1,297	+/- 1%	+/-1,591
Others	+/- 1%	+/- 12,075	+/- 1%	+/-10,055

**(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, dividends receivable, due from a related party and other receivables. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.



**ALJAZIRA GLOBAL EMERGING MARKETS FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-months period ended 30 June 2023****(Amounts in United States Dollars)****10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)**

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

<b>Rating of financial institution</b>	<b>30 June 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
<b>Cash and cash equivalents</b>		
Unrated	<b>105,955</b>	<b>408,040</b>

**(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 Monday and Thursday and it is, therefore, exposed to the liquidity risk of meeting Unitholder redemptions. 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 from the Fund Manager.

**(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.

## **ALJAZIRA GLOBAL EMERGING MARKETS FUND**

### **Open-Ended Fund**

(Managed by Aljazira Capital Company)

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the six-months period ended 30 June 2023**

**(Amounts in United States Dollars)**

### **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.

Fund classifies all of its financial assets, except for those carried at amortized cost, at fair value as level 1.

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 asset 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 22 June 2023 (2022: 29 December 2022). 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 2023.

### **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 22 Muharram 1445H corresponding to 9 August 2023G.