

**ALJAZIRA ASSET ALLOCATION FUND – CONSERVATIVE STRATEGY**  
**A Public 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 ASSET ALLOCATION FUND – CONSERVATIVE STRATEGY**  
**A Public Open-Ended Fund**  
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**INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)**  
**For the six-months period ended 30 June 2023**

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**PKF**Ibrahim Ahmed Al-Bassam  
& Co. Certified Public Accountants**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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**TO THE UNITHOLDERS OF ALJAZIRA ASSET ALLOCATION FUND – CONSERVATIVE STRATEGY  
RIYADH, KINGDOM OF SAUDI ARABIA****INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of ALJAZIRA ASSET ALLOCATION FUND – CONSERVATIVE STRATEGY (the "Fund"), managed by Aljazira Capital Company (the Fund Manager) as at 30 June 2023 and the related interim statement of comprehensive income / (loss) for the six-months period then ended, and the interim statements of changes in net assets (equity) attributable to the unitholders and cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. 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

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Corresponding to 11 September 2023

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

(Managed by Aljazira Capital Company)

**INTERIM STATEMENT OF FINANCIAL POSITION****As at 30 June 2023****(Amounts in Saudi Riyals)**

	<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	4	<b>65,473</b>	27,575
Investments carried at fair value through profit or loss (FVTPL)	5	<b>73,904,567</b>	129,201,587
Receivable against sale of investments		<b>41,250</b>	95,387
Advance against purchase of investments		-	5,850,000
Prepayments and other receivables		<b>1,008,456</b>	838,122
<b>TOTAL ASSETS</b>		<b>75,019,746</b>	136,012,671
<b><u>LIABILITIES</u></b>			
Management fee payable	6	<b>282,810</b>	430,446
Redemption payable		<b>102,450</b>	122,892
Accrued expenses and other liabilities		<b>193,839</b>	151,146
<b>TOTAL LIABILITIES</b>		<b>579,099</b>	704,484
<b>NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS</b>		<b>74,440,647</b>	135,308,187
<b>Units in issue (in numbers)</b>	7	<b>574,523</b>	1,081,107
<b>Net Asset (Equity) Value per unit</b>		<b>129.57</b>	125.16

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

**ALJAZIRA ASSET ALLOCATION FUND – CONSERVATIVE STRATEGY****A Public 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 Saudi Riyals)**

	<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	8	<b>3,332,570</b>	(9,966,599)
Dividend income		<b>737,479</b>	1,048,343
Other income		<b>624,882</b>	372,612
		<b>4,694,931</b>	(8,545,644)
<b><u>Expenses</u></b>			
Management fee	6	<b>(739,675)</b>	(356,219)
Custody fees		<b>(33,573)</b>	(36,705)
Other expenses		<b>(37,304)</b>	(37,672)
Foreign exchange losses		<b>(12,562)</b>	(104,407)
		<b>(823,114)</b>	(535,003)
<b>Net income / (loss) for the period</b>		<b>3,871,817</b>	(9,080,647)
Other comprehensive income for the period		-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>3,871,817</b>	(9,080,647)

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

**ALJAZIRA ASSET ALLOCATION FUND – CONSERVATIVE 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-months period ended 30 June 2023****(Amounts in Saudi Riyals)**

	<b>30 June 2023</b> <b>(Un-audited)</b>	30 June 2022 (Un-audited)
Net assets (Equity) attributable to the Unitholders at beginning of the period	<b>135,308,187</b>	227,847,352
Total comprehensive income / (loss) for the period	<b>3,871,817</b>	(9,080,647)
Changes from unit transactions		
Issuance of units	<b>40,059,383</b>	37,720,500
Redemption of units	<b>(104,798,740)</b>	(86,945,230)
Net changes from unit transactions	<b>(64,739,357)</b>	(49,224,730)
Net assets (Equity) attributable to the Unitholders at end of the period	<b>74,440,647</b>	169,541,975

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

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

(Managed by Aljazira Capital Company)

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

	<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>			
Net income / (loss) for the period		<b>3,871,817</b>	(9,080,647)
Adjustments for:			
- Unrealized (gain) / loss from investments carried at FVTPL	8	<b>(5,631,406)</b>	8,012,688
		<b>(1,759,589)</b>	(1,067,959)
<b><u>Net changes in operating assets and liabilities:</u></b>			
Investments carried at fair value through profit or loss (FVTPL)		<b>60,928,426</b>	49,705,342
Receivable against sale of investments		<b>54,137</b>	-
Advance against purchase of investments		<b>5,850,000</b>	-
Prepayments and other receivables		<b>(170,334)</b>	(2,539,041)
Management fee payable		<b>(147,636)</b>	356,219
Accrued expenses and other liabilities		<b>42,693</b>	71,543
<b>Net cash generated from operating activities</b>		<b>64,797,697</b>	46,526,104
<b><u>Cash flows from financing activities:</u></b>			
Proceeds from issuance of units		<b>40,059,383</b>	37,720,500
Redemption of units, net off redemption payable		<b>(104,819,182)</b>	(82,100,094)
<b>Net cash (used in) financing activities</b>		<b>(64,759,799)</b>	(44,379,594)
<b>Net increase in cash and cash equivalents</b>		<b>37,898</b>	2,146,510
Cash and cash equivalents at beginning of the period	4	<b>27,575</b>	19,004
<b>Cash and cash equivalents at end of the period</b>	4	<b>65,473</b>	2,165,514
<b><u>Supplementary Information</u></b>			
Redemption payable		<b>102,450</b>	4,845,136

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

# **ALJAZIRA ASSET ALLOCATION FUND - CONSERVATIVE STRATEGY**

## **A Public 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 Saudi Riyals)**

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

Aljazira Asset Allocation Fund - Conservative Strategy (the “Fund”) is an open-ended, 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 702/5 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 primarily in money market Funds and, to a lesser extent, in diversified equity Funds. The Fund’s net income is reinvested in the Fund, which is reflected in the net assets attributable to each unit.

The Fund is administered by the Fund Manager. The Fund’s custodian is 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 Chartered and Professional 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-month 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 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**

These interim condensed financial statements are presented in Saudi Arabian Riyals (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.



## **ALJAZIRA ASSET ALLOCATION FUND - CONSERVATIVE STRATEGY**

### **A Public 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 Saudi Riyals)**

### **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, 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**

	<b>30 June 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
Cash at Bank	<b>65,473</b>	27,575
	<b>65,473</b>	27,575

- 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.

**ALJAZIRA ASSET ALLOCATION FUND - CONSERVATIVE STRATEGY****A Public 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 Saudi Riyals)****5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

Investments carried at FVTPL comprise of the following:

Name of fund	30 June 2023 (Un-audited)		
	Cost	Fair value	%
<b>Funds managed by the Fund Manager</b>			
Aljazira Sukuk Fund	21,989,229	20,856,126	28.22%
Aljazira Saudi Riyal Murabaha Fund	17,574,168	18,340,218	24.82%
Aljazira Agriculture Income Fund	6,750,000	6,750,074	9.13%
Aljazira International Equity Fund	5,486,767	5,450,524	7.38%
Aljazira Saudi Equity Fund	2,021,107	2,191,385	2.97%
Aljazira Private Equity Fund	41,250	41,250	0.06%
	<b>53,862,521</b>	<b>53,629,577</b>	<b>72.57%</b>
<b>Other funds</b>			
ALEF Multi-Asset FedEx Logistics SP	4,604,246	4,698,609	6.36%
ALEF Multi-Asset CCO I Private Credit SP	2,925,000	3,023,405	4.09%
ALEF Multi-Asset ATEL Leasing SP	2,925,000	3,016,814	4.08%
ALEF Multi-Asset ITE Rail SP	2,925,000	3,004,544	4.07%
ALEF Multi-Asset US Healthcare Income SP	2,925,000	2,999,259	4.06%
ALEF Multi-Asset ECP I Private Credit SP	2,925,000	2,754,708	3.73%
ALEF Multi-Asset Aquatone V SP	750,000	777,651	1.05%
	<b>19,979,246</b>	<b>20,274,990</b>	<b>27.43%</b>
<b>Total</b>	<b>73,841,767</b>	<b>73,904,567</b>	<b>100.00%</b>

  

Name of fund	31 December 2022 (Audited)		
	Cost	Fair value	%
<b>Funds managed by the Fund Manager</b>			
Aljazira Sukuk Fund	50,862,957	47,165,107	36.51%
Aljazira Agriculture Income Fund	6,750,000	6,776,411	5.24%
Aljazira International Equity Fund	17,627,492	14,303,859	11.07%
Aljazira Saudi Equity Fund	4,545,764	4,234,413	3.28%
Aljazira Saudi Riyal Murabaha Fund	36,449,563	37,206,821	28.80%
	<b>116,235,776</b>	<b>109,686,611</b>	<b>84.90%</b>
<b>Other funds</b>			
ALEF Multi-Asset FedEx Logistics SP	4,604,246	4,699,774	3.64%
ALEF Multi-Asset CCO I Private Credit SP	2,925,000	2,924,999	2.26%
ALEF Multi-Asset ITE Rail SP	2,925,000	2,925,001	2.26%
ALEF Multi-Asset ECP I Private Credit SP	2,925,000	2,924,999	2.26%
Riyad Diversified Trading Fund	5,905,593	6,040,203	4.68%
<b>Total</b>	<b>135,520,615</b>	<b>129,201,587</b>	<b>100%</b>

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

The fund pays a management fee amounting to 0.50% of the fund's net asset value. These fees are calculated on a daily 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.

**ALJAZIRA ASSET ALLOCATION FUND - CONSERVATIVE STRATEGY****A Public 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 Saudi Riyals)****6 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)***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>(739,675)</b>	(356,219)
Fund's Board	Key executive	Board remuneration	<b>(11,309)</b>	(11,967)

*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>
Bank Aljazira	Parent Company of Fund manager	Cash at Bank	<b>65,473</b>	27,575
Aljazira Capital Company	Fund Manager	Management fee payable	<b>(282,810)</b>	(430,446)
Aljazira Sukuk Fund	Fund managed by Fund Manager	Receivable against sale of investments	<b>41,250</b>	95,387
Fund's Board	Key executive	Board remuneration	<b>(11,310)</b>	(23,803)

<b>Related party</b>	<b>Nature of transactions</b>	<b>Amount of transactions</b>		<b>Value of units held as at</b>	
		<b>30 June 2023 (Un-audited)</b>	<b>30 June 2022 (Un-audited)</b>	<b>30 June 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
Aljazira Saudi Riyal Murabaha Fund	Proceeds from subscription of units	<b>5,277,320</b>	9,015,190	<b>18,340,218</b>	37,206,821
	Proceeds from redemption of units	<b>(24,744,180)</b>	(29,083,535)	-	-
Aljazira European Equities Fund	Proceeds from subscription of units	-	1,529,820	-	-
	Proceeds from redemption of units	-	(8,319,521)	-	-
Aljazira GCC Income Fund	Proceeds from subscription of units	-	611,862	-	-
	Proceeds from redemption of units	-	(10,030,678)	-	-
Aljazira International Equities Fund	Proceeds from subscription of units	<b>2,417,438</b>	21,878,378	<b>5,450,524</b>	14,303,859
	Proceeds from redemption of units	<b>(12,500,040)</b>	(4,496,651)	-	-
Aljazira Global Emerging Markets Fund	Proceeds from subscription of units	-	1,340,141	-	-
	Proceeds from redemption of units	-	(7,783,646)	-	-

**ALJAZIRA ASSET ALLOCATION FUND - CONSERVATIVE STRATEGY****A Public 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 Saudi Riyals)****6. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

Related party	Nature of transactions	Amount of transactions		Value of units held as at	
		30 June 2023	30 June 2022	30 June 2023	31 December 2022
		(Un-audited)	(Un-audited)	(Un-audited)	(Audited)
Aljazira Saudi Equities Fund	Proceeds from subscription of units	<b>1,219,741</b>	9,740,462	<b>2,191,385</b>	4,234,413
	Proceeds from redemption of units	<b>(3,656,604)</b>	(5,788,682)	-	-
Aljazira Japanese Equities Fund	Proceeds from subscription of units	-	1,714,080	-	-
	Proceeds from redemption of units	-	(7,507,714)	-	-
Aljazira Agriculture Income Fund	Subscription of Units	-	-	<b>6,750,074</b>	6,776,411
	Redemption of Units	-	-	-	-
Aljazira Sukuk Fund	Dividend Income	-	1,048,343	-	-
	Proceeds from subscription of units	<b>549,833</b>	87,243,454	<b>20,856,126</b>	47,165,107
	Proceeds from redemption of units	<b>(27,775,538)</b>	13,689,536	-	-
Aljazira Private Equity Fund	Proceeds from subscription of units	<b>41,250</b>	-	<b>41,250</b>	-

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

	<b>30 June 2023</b> <b>(Un-audited)</b>	31 December 2022 <b>(Audited)</b>
	<b>(Unit in numbers)</b>	<b>(Unit in numbers)</b>
Aljazira Capital Company	<b>270,719</b>	-
<b>Affiliate</b>		
Aljazira Takaful Taawuni Company	<b>189,095</b>	170,900

**ALJAZIRA ASSET ALLOCATION FUND - CONSERVATIVE STRATEGY****A Public 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 Saudi Riyals)****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>1,081,107</b>	<b>1,746,093</b>
Units issued during the period / year	<b>310,887</b>	<b>334,107</b>
Units redeemed during the period / year	<b>(817,471)</b>	<b>(999,093)</b>
Net change in units	<b>(506,584)</b>	<b>(664,986)</b>
<b>Units at end of the period / year</b>	<b>574,523</b>	<b>1,081,107</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>5,631,406</b>	<b>(8,012,688)</b>
Realised loss on disposal of investments	<b>(2,298,836)</b>	<b>(1,953,911)</b>
	<b>3,332,570</b>	<b>(9,966,599)</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>65,473</b>	-
Investments carried at FVTPL	-	<b>73,904,567</b>
Receivable against sale of investments	<b>41,250</b>	-
Prepayments and other receivables	<b>1,008,456</b>	-
<b>Total</b>	<b>1,115,179</b>	<b>73,904,567</b>
<b>31 December 2022 (Audited)</b>	<b>Amortized cost</b>	<b>FVTPL</b>
<b>Assets as per statement of financial position</b>		
Cash and cash equivalents	27,575	-
Investments carried at FVTPL	-	129,201,587
Receivable against sale of investments	95,387	-
Advance to purchase investments	5,850,000	-
Prepayments and other receivable	838,122	-
<b>Total</b>	<b>6,811,084</b>	<b>129,201,587</b>

All financial liabilities as at 30 June 2023 and 31 December 2022 were measured at amortized cost.

## **ALJAZIRA ASSET ALLOCATION FUND - CONSERVATIVE STRATEGY**

### **A Public 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 Saudi Riyals)**

### **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.

The Fund does not have any significant foreign exchange risk as some of its investments are USD denominated which is pegged to SAR.

##### *(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 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 statement of financial position date, Fund has investments in mutual Funds.

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, with all other variables held constants is as follows:

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

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

	30 June 2023 (Un-audited)		31 December 2022 (Audited)	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
<b>Funds managed by Fund Manager</b>				
Aljazira Sukuk Fund	+/- 1%	208,561	+/- 1%	471,651
Aljazira Saudi Riyal Murabaha Fund	+/- 1%	183,402	+/- 1%	372,068
Aljazira Agriculture Income Fund	+/- 1%	67,501	+/- 1%	67,764
Aljazira International Equities Fund	+/- 1%	54,505	+/- 1%	143,039
Aljazira Saudi Equities Fund	+/- 1%	21,914	+/- 1%	42,344
Aljazira Private Equity Fund	+/- 1%	413	+/- 1%	-
<b>Other funds</b>				
ALEF Multi-Asset FedEx Logistics SP	+/- 1%	46,986	+/- 1%	46,998
ALEF Multi-Asset CCO I Private Credit SP	+/- 1%	30,234	+/- 1%	29,250
ALEF Multi-Asset ATEL Leasing SP	+/- 1%	30,168	+/- 1%	-
ALEF Multi-Asset ITE Rail SP	+/- 1%	30,045	+/- 1%	29,250
ALEF Multi-Asset US Healthcare Income SP	+/- 1%	29,993	+/- 1%	-
ALEF Multi-Asset ECP I Private Credit SP	+/- 1%	27,547	+/- 1%	29,250
ALEF Multi-Asset Aquatine V SP	+/- 1%	7,777	+/- 1%	-
Riyad Diversified Trading Fund	+/- 1%	-	+/- 1%	60,402

**(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.

Its 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 and other receivables. Cash at bank balances are placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

**Credit ratings**

The Fund Manager reviews credit concentration of the financial assets subject to credit risk based on counterparties. The credit quality of the financial assets is managed using the ratings from reputable credit ratings agencies. As at 30 June 2023 and 31 December 2022, the Fund has financial assets subject to credit risk with the following credit quality:

Rating of financial institution	30 June 2023 (Un-audited)	31 December 2022 (Audited)
<b>Cash and cash equivalents</b>		
BBB+	65,473	27,575

## **ALJAZIRA ASSET ALLOCATION FUND - CONSERVATIVE STRATEGY**

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

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

**(Amounts in Saudi Riyals)**

### **10 FINANCIAL RISK MANAGEMENT (CONTINUED)**

#### **(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 Sunday and Wednesday, 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.

### **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.



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

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

**(Amounts in Saudi Riyals)**

### **11 FAIR VALUE ESTIMATION (CONTINUED)**

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 21 June 2023 (2022: 28 December 2022).

### **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 10 Safar1445H corresponding to 06 September 2023G.