

**ALJAZIRA JAPANESE EQUITIES FUND**  
**Open-Ended Fund**  
**(Managed by Aljazira Capital Company)**  
**Interim Condensed Financial Statements (Unaudited)**  
**For the six-months period ended 30 June 2024**  
Together with the  
**Independent Auditor's Review Report to the Unitholders**

**ALJAZIRA JAPANESE EQUITIES FUND**

**Open-Ended Fund**

**(Managed by Aljazira Capital Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**

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**For the six-months period ended 30 June 2024**

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

(1 /1)

TO THE UNITHOLDERS OF ALJAZIRA JAPANESE EQUITIES FUND  
[MANAGED BY ALJAZIRA CAPITAL COMPANY]

RIYADH, KINGDOM OF SAUDI ARABIA

**INTRODUCTION**

We have reviewed the accompanying interim condensed statement of financial position of AlJazira Japanese Equities Fund (the "Fund") as at 30 June 2024 and the related interim condensed statements of comprehensive income, changes in net assets (Equity) attributable to the unitholders and cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation 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 PKF AI-Bassam Chartered  
Accountants



Ahmed A. Mohandis  
Certified Public Accountant  
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Corresponding to: 08 August 2024



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**ALJAZIRA JAPANESE EQUITIES FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**INTERIM STATEMENT OF FINANCIAL POSITION****As at 30 June 2024****(Amounts in United States Dollars)**

	<b>Notes</b>	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	4	1,220,955	1,164,625
Investments carried at fair value through profit or loss (FVTPL)	5	50,288,995	50,547,316
Receivable against sale of investments		63,425	-
Dividend receivable		35,969	40,656
Prepayment and other receivables		913	-
<b>TOTAL ASSETS</b>		<b>51,610,257</b>	<b>51,752,597</b>
<b><u>LIABILITIES</u></b>			
Management fee payable	6	223,758	211,696
Payable to unitholders on account of redemption		293,750	28,409
Payable against purchase of investments		66,291	-
Accrued expenses and other liabilities		168,730	185,604
<b>TOTAL LIABILITIES</b>		<b>752,529</b>	<b>425,709</b>
<b>NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS</b>		<b>50,857,728</b>	<b>51,326,888</b>
<b>Units in issue (in numbers)</b>	7	<b>237,464</b>	<b>249,529</b>
<b>Net Asset (Equity) Value per unit</b>		<b>214.17</b>	<b>205.70</b>

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

**ALJAZIRA JAPANESE EQUITIES FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**INTERIM STATEMENT OF COMPREHENSIVE INCOME****For the six-months period ended 30 June 2024****(Amounts in United States Dollars)**

	<b>Notes</b>	<b>30 June 2024 (Un-audited)</b>	<b>30 June 2023 (Un-audited)</b>
<b><u>Income</u></b>			
Net gain from investments carried at FVTPL	8	<b>2,549,790</b>	9,557,981
Dividend income		<b>325,952</b>	326,064
Other income		<b>25,450</b>	
		<b>2,901,192</b>	9,884,045
<b><u>Expenses</u></b>			
Management fees	6	<b>(443,338)</b>	(412,196)
Performance fee		<b>(268,809)</b>	-
Custody fees		<b>(39,809)</b>	(6,615)
Other expenses		<b>(71,496)</b>	(736,556)
		<b>(823,452)</b>	(1,155,367)
<b>Net income for the period</b>		<b>2,077,740</b>	8,728,678
Other Comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>2,077,740</b>	8,728,678

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

**ALJAZIRA JAPANESE EQUITIES 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 2024****(Amounts in United States Dollars)**

	<b>30 June 2024</b> <b>(Un-audited)</b>	30 June 2023 <b>(Un-audited)</b>
<b>Net assets (Equity) attributable to the Unitholders at beginning of the period</b>	<b>51,326,888</b>	45,838,139
<b>Total comprehensive income for the period</b>	<b>2,077,740</b>	8,728,678
<b>Changes from unit transactions</b>		
Issuance of units	<b>1,348,022</b>	1,542,193
Redemption of units	<b>(3,894,922)</b>	(3,243,697)
Net changes from unit transactions	<b>(2,546,900)</b>	(1,701,504)
<b>Net assets (Equity) attributable to the Unitholders at end of the period</b>	<b>50,857,728</b>	52,865,313

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

**ALJAZIRA JAPANESE EQUITIES FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**INTERIM STATEMENT OF CASH FLOWS**

For the six-months period ended 30 June 2024

(Amounts in United States Dollars)

	<u>Notes</u>	<u>30 June 2024</u> <u>(Un-audited)</u>	<u>30 June 2023</u> <u>(Un-audited)</u>
<b><u>Cash flows from operating activities:</u></b>			
<b>Net income for the period</b>		<b>2,077,740</b>	8,728,678
Adjustments for:			
- Unrealized (gain) / loss from investments carried at FVTPL	8	<b>1,086,630</b>	(8,143,488)
		<b>3,164,370</b>	585,190
<b><u>Net changes in operating assets and liabilities:</u></b>			
Investments carried at FVTPL		<b>(828,309)</b>	1,248,843
Receivable against sale of investments		<b>(63,425)</b>	(755,676)
Accrued dividend		<b>4,687</b>	(129,360)
Prepayment and other receivables		<b>(913)</b>	(674)
Management fee payable		<b>12,062</b>	(192,620)
Payable against purchase of investments		<b>66,291</b>	98,910
Accrued expenses and other liabilities		<b>(16,874)</b>	208,990
<b>Net cash generated from operating activities</b>		<b>2,337,889</b>	1,063,603
<b><u>Cash flows from financing activities:</u></b>			
Proceeds from issuance of units, net off receivable on account of subscription		<b>1,348,022</b>	1,542,193
Redemption of units, net off payables against redemption of units		<b>(3,629,581)</b>	(3,243,197)
<b>Net cash used in financing activities</b>		<b>(2,281,559)</b>	(1,701,004)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>56,330</b>	(637,401)
Cash and cash equivalents at beginning of the period	4	<b>1,164,625</b>	1,044,445
<b>Cash and cash equivalents at end of the period</b>	4	<b>1,220,955</b>	407,044
<b>Supplementary information</b>			
Payable to unitholders on account of redemption		<b>293,750</b>	500

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

## **ALJAZIRA JAPANESE EQUITIES 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 2024**

**(Amounts in United States Dollars)**

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

Aljazira Japanese Equities 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”) 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 7720/5 dated 12 Muharram 1431H (corresponding to 29 December 2009). The Fund commenced its operations on 17 April 2000.

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 equities, issued and traded in Japan and invest in other Funds. 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”). Nomura Islamic Asset Management SDN BHD act as a Sub Manager to the Fund. Fee paid to the Sub Manager is borne by the Fund Manager.

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 2023. The results for the six-months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

#### **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 income.

## ALJAZIRA JAPANESE EQUITIES FUND

### Open-Ended Fund

(Managed by Aljazira Capital Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2024

(Amounts in United States Dollars)

### 3 SUMMARY OF MATERIAL 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 2023. There are new standards, amendments and interpretations apply for the first time in 2024, 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

	<u>Notes</u>	<u>30 June 2024</u> <u>(Un-audited)</u>	<u>31 December 2023</u> <u>(Audited)</u>
Cash with Custodian	4.1	<u>1,220,955</u>	<u>1,164,625</u>
		<u>1,220,955</u>	<u>1,164,625</u>

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

**ALJAZIRA JAPANESE EQUITIES FUND****Open-Ended Fund**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six-months period ended 30 June 2024

(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 2024 (Un-audited)		
	Cost	Fair value	%
Pharmaceuticals	8,313,975	12,739,866	25.33%
Semiconductors	3,249,140	5,221,595	10.38%
Software	2,556,648	2,979,174	5.92%
Food	2,401,529	2,976,359	5.92%
Retail	2,074,882	2,486,108	4.94%
Cosmetics / Personal Care	1,557,192	1,654,940	3.29%
Building Materials	1,389,035	1,631,399	3.24%
Computers	1,315,458	1,570,601	3.12%
Electrical Component & Equipment	810,346	1,191,384	2.37%
Chemicals	989,546	1,136,440	2.26%
Auto Manufacturer	881,191	1,114,509	2.22%
Metal Fabricate/Hardware	857,681	1,056,121	2.10%
Apparel	811,839	966,727	1.92%
Media	459,551	733,447	1.46%
Others	9,602,553	12,830,325	25.51%
<b>Total</b>	<b>37,270,566</b>	<b>50,288,995</b>	<b>100%</b>

Industry sector	31 December 2023 (Audited)		
	Cost	Fair value	%
Semiconductors	5,049,485	9,639,328	19.07%
Pharmaceuticals	3,943,099	6,065,383	12.00%
Chemicals	3,355,308	5,516,919	10.91%
Retail	3,005,671	4,460,990	8.83%
Electronics	3,520,270	3,982,740	7.88%
Building Materials	2,041,371	2,865,668	5.67%
Commercial Services	1,486,854	3,011,531	5.96%
Machinery-Diversified	1,415,474	2,386,451	4.72%
Auto Parts and Equipment	2,820,168	2,569,922	5.08%
Others	9,804,559	10,048,384	19.88%
<b>Total</b>	<b>36,442,259</b>	<b>50,547,316</b>	<b>100%</b>

**ALJAZIRA JAPANESE EQUITIES FUND****Open-Ended Fund**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six-months period ended 30 June 2024

(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 1.50% 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 2024 (Un-audited)</b>	<b>30 June 2023 (Un-audited)</b>
Aljazira Capital Company	Fund Manager	Management fee	<b>(443,338)</b>	(412,196)
		Performance fee	<b>(268,809)</b>	(689,560)
Fund's Board	Key executive	Board remuneration	<b>(2,128)</b>	2,218
Aljazira Takaful Taawuni Company	Affiliate	Cash inflows from Subscription of Units	<b>1,297,900</b>	<b>1,508,573</b>
		Proceeds paid from Redemption of Units	<b>(3,688,998)</b>	<b>(3,125,426)</b>

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 at period end are as follows:

<b>Related parties and nature of relationship</b>	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
	<i>(Unit in numbers)</i>	
<b>Affiliate</b>		
Aljazira Takaful Taawuni Company	<b>221,266</b>	232,596

***Balances with related parties***

<b>Related parties</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
Aljazira Capital Company	Fund Manager	Management fee payable	<b>(223,758)</b>	(211,696)
		Performance fee payable *	<b>(11,652)</b>	(223,348)
Fund's Board	Key executive	Remuneration payable *	<b>(2,127)</b>	(4,267)
Al Jazira Takaful Taawuni Company	Affiliate	Share in net assets	<b>47,388,467</b>	47,844,997

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

**ALJAZIRA JAPANESE EQUITIES FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six-months period ended 30 June 2024

(Amounts in United States Dollars)

**7 UNIT TRANSACTIONS**

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

	<b>30 June 2024</b> <b>(Un-audited)</b>	31 December 2023 <b>(Audited)</b>
	<i>(Unit in numbers)</i>	
<b>Units at beginning of the period / year</b>	249,529	268,619
Units issued during the period / year	6,371	16,932
Units redeemed during the period / year	(18,436)	(36,022)
Net change in units	(12,065)	(19,090)
<b>Units at end of the period / year</b>	<b>237,464</b>	<b>249,529</b>

**8 NET GAIN FROM INVESTMENTS CARRIED AT FVTPL**

	<b>30 June 2024</b> <b>(Un-audited)</b>	30 June 2023 <b>(Un-audited)</b>
Unrealized (loss) / gain on revaluation of investments	(1,086,630)	8,143,488
Realised gain on disposal of investments	3,636,420	1,414,493
	<b>2,549,790</b>	<b>9,557,981</b>

**9 FINANCIAL INSTRUMENTS BY CATEGORY**

<b>30 June 2024 (Un-audited)</b>	<b>Amortized cost</b>	<b>FVTPL</b>
<b>Assets as per interim statement of financial position</b>		
Cash and cash equivalents	1,220,955	-
Investments carried at FVTPL	-	50,288,995
Receivable against sale of investments	63,425	-
Accrued dividends	35,969	-
Prepayment and other receivables	913	-
<b>Total</b>	<b>1,321,262</b>	<b>50,288,995</b>
<b>31 December 2023 (Audited)</b>		
<b>Assets as per statement of financial position</b>		
Cash and cash equivalents	1,164,625	-
Investments carried at FVPL	-	50,547,316
Accrued dividends	40,656	-
<b>Total</b>	<b>1,205,281</b>	<b>50,547,316</b>

All financial liabilities 30 June 2024 and 31 December 2023 were classified as financial liabilities at amortized cost.

## ALJAZIRA JAPANESE EQUITIES FUND

### Open-Ended Fund

(Managed by Aljazira Capital Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2024

(Amounts in United States Dollars)

### 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'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 2024 (Un-audited)		31 December 2023 (Audited)	
		Fair value	%	Fair value	%
JPY	Japan	50,288,995	100%	50,547,316	100%
		50,288,995	100%	50,547,316	100%

The effect on the net assets (equity) value (as a result of the change in the fair value of investments as at 30 June 2024 and 31 December 2023) 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 2024 (Un-audited)		31 December 2023 (Audited)	
		Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
JPY	Japan	+/- 1%	502,890	+/- 1%	505,473

##### (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.

**ALJAZIRA JAPANESE EQUITIES FUND****Open-Ended Fund**

(Managed by Aljazira Capital Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six-months period ended 30 June 2024

(Amounts in United States Dollars)

**10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (continued)***(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 equity investments in listed equity securities (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 2024 and 31 December 2023) 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 2024</b>		<b>31 December 2023</b>	
	<b>Potential reasonable change %</b>	<b>Effect on NAV</b>	<b>Potential reasonable change %</b>	<b>Effect on NAV</b>
Pharmaceuticals	+/- 1%	<b>127,399</b>	+/- 1%	60,654
Semiconductors	+/- 1%	<b>52,216</b>	+/- 1%	96,393
Software	+/- 1%	<b>29,792</b>	+/- 1%	-
Food	+/- 1%	<b>29,764</b>	+/- 1%	-
Retail	+/- 1%	<b>24,861</b>	+/- 1%	44,610
Cosmetics/Personal Care	+/- 1%	<b>16,549</b>	+/- 1%	-
Building materials	+/- 1%	<b>16,314</b>	+/- 1%	28,657
Computers	+/- 1%	<b>15,706</b>	+/- 1%	-
Electrical Component & Equipment	+/- 1%	<b>11,914</b>	+/- 1%	-
Auto Manufacturer	+/- 1%	<b>11,145</b>	+/- 1%	-
Chemicals	+/- 1%	<b>11,364</b>	+/- 1%	55,169
Metal Fabricate/Hardware	+/- 1%	<b>10,561</b>	+/- 1%	-
Apparel	+/- 1%	<b>9,667</b>	+/- 1%	-
Media	+/- 1%	<b>7,334</b>	+/- 1%	-
Electric and electronics	+/- 1%	-	+/- 1%	39,827
Machinery diversified	+/- 1%	-	+/- 1%	23,865
Auto parts and equipment	+/- 1%	-	+/- 1%	25,699
Commercial services	+/- 1%	-	+/- 1%	30,115
Others	+/- 1%	<b>128,303</b>	+/- 1%	100,484

## ALJAZIRA JAPANESE EQUITIES FUND

### Open-Ended Fund

(Managed by Aljazira Capital Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2024

(Amounts in United States Dollars)

### 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, 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.

#### *Credit ratings*

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:

Rating of financial institution	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Cash and cash equivalents		
Unrated	1,220,955	1,164,625

#### (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. 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 JAPANESE EQUITIES 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 2024**

**(Amounts in United States Dollars)**

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

#### **(e) Capital risk Management**

The capital of the Fund is represented by the equity attributable to holders of redeemable units. The amount of equity attributable to holders of redeemable units can change significantly on each Valuation Day, as the Fund is subject to subscriptions and redemptions at the discretion of unitholders on every Valuation Day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other unitholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund Manager monitor capital on the basis of the value of equity attributable 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.

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.

**ALJAZIRA JAPANESE EQUITIES 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 2024**

**(Amounts in United States Dollars)**

**13 LAST VALUATION DAY**

The last valuation day for the purpose of preparation of these interim condensed financial statements was 30 June 2024 (2023: 31 December 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 26 Muharram 1446H corresponding to 01 August 2024G.