

ALJAZIRA SAUDI 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 SAUDI EQUITIES FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
For the six-months period ended 30 June 2024

	PAGES
INDEPENDENT AUDITOR’S REVIEW REPORT TO THE UNITHOLDERS	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF COMPREHENSIVE INCOME	3
INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS	4
INTERIM STATEMENT OF CASH FLOWS	5
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	6 - 14

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

(1 /1)

**TO THE UNITHOLDERS OF ALJAZIRA SAUDI 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 Saudi 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 Al-Bassam Chartered Accountants



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

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF FINANCIAL POSITION**As at 30 June 2024****(Amounts in Saudi Riyals)**

	Notes	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	4	17,944,279	23,275,254
Investments carried at fair value through profit or loss (FVTPL)	5	707,178,599	629,361,380
Dividend receivable		1,448,854	186,112
TOTAL ASSETS		726,571,732	652,822,746
<u>LIABILITIES</u>			
Management fee payable	6	3,047,031	2,496,467
Payable to unitholders on account of redemption		2,767,684	405,159
Accrued expenses and other liabilities		368,828	360,105
TOTAL LIABILITIES		6,183,543	3,261,731
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		720,388,189	649,561,015
Units in issue (in numbers)	7	720,292	701,465
Net Asset (Equity) Value per unit		1,000.13	926.01

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

ALJAZIRA SAUDI 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 Saudi Riyals)**

	Notes	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
<u>Income</u>			
Net gain from investments carried at FVTPL	8	51,107,092	124,979,194
Dividend income		7,630,963	7,190,750
		58,738,055	132,169,944
<u>Expenses</u>			
Management fees	6	(6,053,032)	(4,281,035)
Custody fees		(157,379)	(114,161)
Other expenses		(52,020)	(50,156)
		(6,262,431)	(4,445,352)
Net income for the period		52,475,624	127,724,592
Other comprehensive income for the period		-	-
Total comprehensive income for the period		52,475,624	127,724,592

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

ALJAZIRA SAUDI 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 Saudi Riyals)**

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Net assets (Equity) attributable to the Unitholders at beginning of the period	649,561,015	486,434,083
Total comprehensive income for the period	52,475,624	127,724,592
Changes from unit transactions		
Issuance of units	121,941,526	24,994,817
Redemption of units	(103,589,976)	(58,337,100)
Net changes from unit transactions	18,351,550	(33,342,283)
Net assets (Equity) attributable to the Unitholders at end of the period	720,388,189	580,816,392

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

ALJAZIRA SAUDI 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 Saudi Riyals)**

	Notes	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
<u>Cash flows from operating activities:</u>			
Net income for the period		52,475,624	127,724,592
Adjustments for:			
- Unrealized loss / (gain) loss from investments carried at FVTPL	8	35,436,585	(105,397,302)
		<u>87,912,209</u>	<u>22,327,290</u>
<u>Net changes in operating assets and liabilities:</u>			
Investments carried at FVTPL		(113,253,804)	36,137,747
Dividend receivable		(1,262,742)	(105,731)
Prepayments and other receivables		-	9,036
Management fee payable		550,564	(231,560)
Accrued expenses and other liabilities		8,723	158,100
Net cash (used in) / generated from operating activities		<u>(26,045,050)</u>	<u>58,294,882</u>
<u>Cash flows from financing activities:</u>			
Proceeds from issuance of units		121,941,526	24,994,817
Redemption of units, net of payable *		(101,227,451)	(56,783,153)
Net cash generated from / (used in) financing activities		<u>20,714,075</u>	<u>(31,788,336)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(5,330,975)</u>	<u>26,506,546</u>
Cash and cash equivalents at beginning of the period	4	23,275,254	7,079,887
Cash and cash equivalents at end of the period	4	<u>17,944,279</u>	<u>33,586,433</u>
Supplementary information			
* Payable to Unitholders on account of redemption		<u>2,767,684</u>	<u>2,239,477</u>

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

ALJAZIRA SAUDI 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 Saudi Riyals)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Jazira Saudi 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 4 December 1999.

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 Saudi capital market in accordance with the principles of Islamic Shariah. Equity investments by the Fund are restricted to those listed in the Kingdom of Saudi Arabia. The Fund’s net income is re-invested in the Fund, which is reflected in the net assets (equity) attributable to each unit.

The Fund is administered by the Fund Manager. The Fund’s assets are held in the custody of HSBC (the “Custodian”).

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

2 BASIS OF PREPARATION

2.1. Statement of compliance

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Certified Public Accountants (SOCPA) and should be read in conjunction with the Fund’s last annual financial statement for the year ended 31 December 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 Saudi Riyal (“SAR”) which is the Fund’s functional and presentation currency.

Transactions and balances

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

ALJAZIRA SAUDI 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 Saudi Riyals)

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 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

	Notes	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Cash at Bank	4.1, 6	1,786,815	3,611,486
Cash with Custodian		16,157,464	19,663,768
		17,944,279	23,275,254

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

4.2. These funds are placed with the Custodian (Note 1).

ALJAZIRA SAUDI 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 Saudi Riyals)****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	%
Banks and Financial Services	179,996,751	184,533,770	26.09%
Energy	107,236,143	121,985,840	17.25%
Insurance	59,383,024	86,152,268	12.18%
Utilities	65,405,335	64,326,721	9.10%
Retailing	34,463,068	46,914,346	6.63%
Materials	40,389,110	38,123,551	5.39%
Telecommunication services	30,838,836	32,632,418	4.61%
Health Care Equipment & Service	16,688,149	31,085,341	4.40%
Consumer Services	16,291,851	24,121,774	3.41%
Software & Services	21,462,465	23,143,007	3.27%
Financial Services	15,413,676	18,412,878	2.60%
Capital Goods	15,400,659	18,218,980	2.58%
Others	17,516,943	17,527,705	2.48%
Total	620,486,010	707,178,599	100%

Industry sector	As at 31 December 2023 (Audited)		
	Cost	Fair Value	%
Banks and Financial Services	150,569,479	183,295,012	29.12%
Energy	54,910,700	80,453,286	12.78%
Material	92,053,164	74,480,529	11.83%
Retailing	49,250,822	66,734,488	10.60%
Insurance	52,365,889	66,036,308	10.49%
Utilities	20,936,862	29,844,508	4.74%
Health Care Equipment & Services	11,801,150	26,467,843	4.21%
Software & Services	15,542,328	25,613,012	4.07%
Consumer Services	14,183,373	21,991,418	3.49%
Capital Goods	5,317,030	13,520,767	2.15%
Financial Services	13,715,045	12,880,607	2.05%
Telecommunication Services	11,446,449	12,740,443	2.02%
Others	15,139,915	15,303,159	2.43%
Total	507,232,206	629,361,380	100%

5.1. Investments carried at FVTPL include investment in related parties (Refer Note 6).

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 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.

ALJAZIRA SAUDI 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 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.

Related parties	Nature of relationship	Nature of transaction	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Aljazira Capital Company	Fund Manager	Management fee	(6,053,032)	(4,281,035)
		Shares purchased during the period	17,750,570	-
		Shares disposed during the period	-	(306,878)
Bank Aljazira	Affiliate	Unrealized gain/ (loss) during the period	104,125	-
		Realized gain / (loss) during the period	-	-
		Dividend income	-	-
Fund's Board	Key executive	Board remuneration	(7,957)	(7,672)
Aljazira Takaful Taawuni Company	Affiliate	Cash inflows from Subscription of units	6,225,574	7,106,300
		Proceeds paid from Redemption of units	(32,289,563)	(26,526,383)
Al Jazira Asset Allocation Fund - Growth Strategy	Fund managed by the Fund Manager	Cash inflows from Subscription of units	128,177	4,066,408
		Proceeds paid from Redemption of units	(27,870,000)	(3,620,257)
AlJazira Asset Allocation Fund - Moderate Strategy	Fund managed by the Fund Manager	Cash inflows from Subscription of units	1,593,351	1,476,422
		Proceeds paid from Redemption of units	(2,810,000)	(2,976,137)
AlJazira Asset Allocation Fund - Conservative Strategy	Fund managed by the Fund Manager	Cash inflows from Subscription of units	156,713	1,219,741
		Proceeds paid from Redemption of units	(401,099)	(3,656,604)

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

Related parties, nature of relationship and outstanding units	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<i>(Unit in numbers)</i>		
Affiliate		
Aljazira Takaful Taawuni Company	455,692	481,820
Funds managed by the Fund Manager		
AlJazira Asset Allocation Fund - Growth Strategy	56,730	83,947
AlJazira Asset Allocation Fund - Moderate Strategy	7,067	8,257
AlJazira Asset Allocation Fund - Conservative Strategy	2,446	2,666

ALJAZIRA SAUDI 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 Saudi Riyals)****6 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)***Balances with related parties*

Related parties	Nature of relationship	Nature of transaction	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Bank Aljazira	Affiliate	Cash at bank	1,786,815	3,611,486
Aljazira Capital Company	Fund Manager	Management fee payable	(3,047,031)	(2,496,467)
Fund's Board	Key executive	Remuneration payable *	(7,956)	(16,000)
Aljazira Takaful Taawuni Company	Affiliate	Share in net assets	455,751,240	446,168,355
AlJazira Asset Allocation Fund - Growth Strategy	Funds managed by the Fund Manager	Share in net assets	56,737,375	77,735,451
AlJazira Asset Allocation Fund - Moderate Strategy	Funds managed by the Fund Manager	Share in net assets	7,067,919	7,646,034
AlJazira Asset Allocation Fund - Conservative Strategy	Funds managed by the Fund Manager	Share in net assets	2,446,318	2,468,733

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

7 UNIT TRANSACTIONS

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

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	<i>(Unit in numbers)</i>	
Units at beginning of the period / year	701,465	763,531
Units issued during the period / year	123,444	94,737
Units redeemed during the period / year	(104,617)	(156,803)
Net change in units	18,827	(62,066)
Units at end of the period / year	720,292	701,465

8 NET GAIN FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Unrealized (loss) / gain on revaluation of investments	(35,436,585)	105,397,302
Realised gain on disposal of investments	86,543,677	19,581,892
	51,107,092	124,979,194

ALJAZIRA SAUDI 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 Saudi Riyals)****9 FINANCIAL INSTRUMENTS BY CATEGORY**

30 June 2024 (Un-audited)	Amortized cost	FVTPL
Assets as per interim statement of financial position		
Cash and cash equivalents	17,944,279	-
Investments carried at FVTPL	-	707,178,599
Dividend receivable	1,448,854	-
Total	19,393,133	707,178,599
31 December 2023 (Audited)	Amortized cost	FVTPL
Assets as per statement of financial position		
Cash and cash equivalents	23,275,254	-
Investments carried at FVTPL	-	629,361,380
Dividend receivable	186,112	-
Total	23,461,366	629,361,380

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

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.

All the financial instruments held by the Fund are in Saudi Riyals and therefore they are not exposed to foreign exchange risk.

(ii) Commission rate risk

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

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 interim statement of financial position date, the Fund has equity investments in listed equity securities.

ALJAZIRA SAUDI 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 Saudi Riyals)****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 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:

	30 June 2024		31 December 2023	
	(Un-audited)		(Audited)	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Banks and Financial Services	+/- 1%	1,845,338	+/- 1%	1,832,950
Energy	+/- 1%	1,219,858	+/- 1%	804,533
Insurance	+/- 1%	861,523	+/- 1%	660,363
Utilities	+/- 1%	643,267	+/- 1%	298,445
Retailing	+/- 1%	469,143	+/- 1%	667,345
Material	+/- 1%	381,236	+/- 1%	744,805
Telecommunication Services	+/- 1%	326,324	+/- 1%	127,404
Health Care Equipment & Services	+/- 1%	310,853	+/- 1%	264,678
Consumer Services	+/- 1%	241,218	+/- 1%	219,914
Software & Services	+/- 1%	231,430	+/- 1%	256,130
Financial Services	+/- 1%	184,129	+/- 1%	128,806
Capital Goods	+/- 1%	182,190	+/- 1%	135,208
Others	+/- 1%	175,277	+/- 1%	153,032

(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 on its cash and cash equivalents and dividends receivable. 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 cash and cash equivalents is assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. The cash and cash equivalents along with credit ratings are tabulated below:

Rating of financial institution	30 June 2024	31 December 2023
	(Un-audited)	(Audited)
Cash and cash equivalents		
A-	1,786,815	3,611,486
Unrated	16,157,464	19,663,768

ALJAZIRA SAUDI 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 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 Saudi business day and it is, therefore, exposed to the liquidity risk of meeting Unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the 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 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 high credit quality of the counterparty. For all other financial assets and liabilities, the carrying value is an approximation of fair value.

ALJAZIRA SAUDI 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 Saudi Riyals)

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 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 28 Muharram 1446H corresponding to 03 August 2024G.