

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

ALJAZIRA GLOBAL EMERGING MARKETS FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

For the six-months period ended 30 June 2024

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

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**TO THE UNITHOLDERS OF ALJAZIRA GLOBAL EMERGING MARKETS 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 Global Emerging Markets 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 GLOBAL EMERGING MARKETS FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)

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

	Notes	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	4	139,612	222,527
Investments carried at fair value through profit or loss (FVTPL)	5	6,086,880	5,844,418
Dividend receivable		29,230	13,418
Receivable against sale of investments		6,951	-
Prepayments and other receivables		913	1,804
TOTAL ASSETS		6,263,586	6,082,167
<u>LIABILITIES</u>			
Management fee payable	6	34,057	32,566
Redemption payable		7,589	10,084
Payable against purchase of investments		7,172	-
Accrued expenses and other liabilities		153,691	139,899
TOTAL LIABILITIES		202,509	182,549
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		6,061,077	5,899,618
Units in issue (in numbers)	7	44,780	46,848
Net Asset (Equity) Value per unit		135.35	125.93

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

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

(Managed by Aljazira Capital Company)

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

	Notes	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
<u>Income</u>			
Net gain from investments carried at FVTPL	8	530,198	66,471
Dividend income		79,861	66,860
Other income		20,010	
		630,069	133,331
<u>Expenses</u>			
Management fee	6	(65,130)	(66,524)
Custody Fees		(114,110)	(6,318)
Other expenses		(31,086)	(22,164)
		(210,326)	(95,006)
Net income for the period		419,743	38,325
Other Comprehensive Income		-	-
Total comprehensive income for the period		419,743	38,325

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

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

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS**For the six-months period ended 30 June 2024****(Amounts in United States Dollars)**

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Net assets (Equity) attributable to the Unitholders at beginning of the period	5,899,618	6,208,189
Total comprehensive income for the period	419,743	38,325
Changes from unit transactions		
Issuance of units	391,602	50,125
Redemption of units	(649,886)	(432,176)
Net changes from unit transactions	(258,284)	(382,051)
Net assets (Equity) attributable to the Unitholders at end of the period	6,061,077	5,864,463

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

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

(Managed by Aljazira Capital Company)

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

	Notes	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
<u>Cash flows from operating activities:</u>			
Net income for the period		419,743	38,325
Adjustments for:			
- Unrealized gain from investments carried at FVTPL	8	(619,168)	(280,511)
		(199,425)	(242,186)
<u>Net changes in operating assets and liabilities:</u>			
Investments carried at FVTPL		376,706	315,519
Dividend receivable		(15,812)	(18,912)
Receivable against sale of investments		(6,951)	(140,518)
Prepayments and other receivables		891	5,679
Management fee payable		1,491	(35,759)
Payable against purchase of investments		7,172	192,205
Dividend payable		-	(21,051)
Accrued expenses and other liabilities		13,792	(59,134)
Net cash generated / (used in) from operating activities		177,864	(4,157)
<u>Cash flows from financing activities:</u>			
Proceeds from issuance of units		391,602	50,125
Redemption of units, net off payable to unitholders		(652,381)	(348,053)
Net cash used in financing activities		(260,779)	(297,928)
Net decrease in cash and cash equivalents		(82,915)	(302,085)
Cash and cash equivalents at beginning of the period	4	222,527	408,040
Cash and cash equivalents at end of the period	4	139,612	105,955
<u>Supplementary information:</u>			
Payable to unitholders on account of redemption		7,589	84,123

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

ALJAZIRA GLOBAL EMERGING MARKETS FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

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 Global Emerging Markets Fund (the “Fund”) is an open-ended, Saudi Investment fund established and managed through an agreement between Aljazira Capital Company – a Saudi Closed Joint Stock Company (the “Fund Manager”) and the investors (the “Unitholders”). The Fund Manager is a wholly owned subsidiary of Bank Aljazira (the “Bank”). The Capital Market Authority (“CMA”) approval to continue issuing units to public was granted vide its letter no 5578/5 dated 8 Safar 1432H (corresponding to 13 January 2011). The Fund commenced its operations on 01 January 2013.

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

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

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

2 BASIS OF PREPARATION

2.1. Statement of compliance

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

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

	Notes	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Cash with Custodian	4.1	139,612	222,527
		139,612	222,527

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

ALJAZIRA GLOBAL EMERGING MARKETS 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	%
Semiconductors	679,621	1,400,522	23.01%
Internet	1,073,001	751,164	12.34%
Computers	566,311	636,274	10.45%
Pharmaceuticals	287,176	326,374	5.36%
Oil and gas	196,882	248,269	4.08%
Telecommunications	222,219	232,742	3.82%
Auto Manufacturers	244,625	231,383	3.80%
Beverages	158,479	170,549	2.80%
Electronics	144,558	167,120	2.75%
Banks	125,159	147,332	2.42%
Electrical component and equipment	108,924	141,871	2.33%
Mining	119,204	138,583	2.28%
Food	100,833	125,210	2.06%
Real Estate	102,985	121,655	2.00%
Others	1,303,839	1,247,832	20.50%
Total	5,433,816	6,086,880	100%

Industry sector	31 December 2023 (Audited)		
	Cost	Fair value	%
Internet	1,465,354	1,063,388	18.19%
Semiconductors	626,016	1,014,197	17.35%
Telecommunications	348,610	377,818	6.46%
Computers	272,159	362,329	6.20%
Pharmaceuticals	235,714	271,823	4.65%
Auto Manufacturers	207,039	209,215	3.58%
Oil and gas	196,882	208,000	3.56%
Electrical component and equipment	207,784	203,488	3.48%
Chemicals	186,150	172,607	2.95%
Iron and Steel	328,815	150,821	2.58%
Beverages	84,574	146,712	2.51%
Commercial services	143,880	129,641	2.22%
Banks	110,852	119,815	2.05%
Mining	113,927	113,844	1.95%
Others	1,282,765	1,300,720	22.26%
Total	5,810,521	5,844,418	100%

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

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 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 1.95% of the net assets (equity) of the Fund attributable to Unitholders, at each valuation date, as set out in the Fund's terms and conditions.

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

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

Transactions with related parties

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

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	(65,130)	(66,524)
Fund's Board	Key executive	Board remuneration	(2,659)	(2,560)

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

Related parties and nature of relationship	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<i>(Unit in numbers)</i>		
Fund Manager		
Aljazira Capital Company	26,799	26,799

Balances with related parties

Related parties	Nature of relationship	Nature of transaction	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Aljazira Capital Company	Fund Manager	Management fee payable	(34,057)	(32,566)
Fund's Board	Key executive	Remuneration payable *	(2,657)	(5,333)

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

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

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2024****(Amounts in United States Dollars)****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	46,848	50,448
Units issued during the period / year	3,067	1,120
Units redeemed during the period / year	(5,135)	(4,720)
Net change in units	(2,068)	(3,600)
Units at end of the period / year	44,780	46,848

8 NET GAIN FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Unrealized gain on revaluation of investments	619,168	280,511
Realised loss on disposal of investments	(88,970)	(214,040)
	530,198	66,471

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	139,612	-
Investments carried at FVTPL	-	6,086,880
Receivable against sale of investments	6,951	-
Dividend receivable	29,230	-
Prepayments and other receivables	913	-
Total	176,706	6,086,880
Liabilities as per interim statement of financial position		
Management fee payable	34,057	-
Payable to Unitholders on account of redemption	7,589	-
Payable against purchase of investments	7,172	-
Accrued expenses and other liabilities	153,691	-
Total	202,509	-

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

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2024****(Amounts in United States Dollars)****9 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

31 December 2023 (Audited)	Amortized cost	FVTPL
Assets as per statement of financial position		
Cash and cash equivalents	222,527	-
Investments carried at FVTPL	-	5,844,418
Dividend receivable	13,418	-
Prepayments and other receivables	1,804	-
Total	237,749	5,844,418
31 December 2023 (Audited)		
Liabilities as per statement of Financial Position	Amortized cost	FVTPL
Management fee payable	32,566	-
Redemption payable	10,084	-
Accrued expenses and other liabilities	139,899	-
Total	182,549	-

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.

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

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2024****(Amounts in United States Dollars)****10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (continued)***(i) Foreign exchange risk*

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	%
TWD	Taiwan	2,033,272	33.40	1,547,258	26.47
HKD	Hong Kong	673,987	11.07	1,039,977	17.79
CNY	China	433,299	7.12	470,340	8.05
AED	United Arab Emirates	222,893	3.66	185,599	3.18
TRY	Turkish	180,966	2.97	-	-
MYR	Malaysia	178,980	2.94	192,374	3.10
THB	Thailand	150,249	2.47	181,493	3.11
MXN	Mexico	150,444	2.47	180,975	3.29
BRL	Brazil	-	-	208,028	3.56
	Others	496,351	8.15	467,662	8.00
		4,520,441	74.27	4,473,706	76.55%

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
TWD	Taiwan	+/- 1%	20,333	+/- 1%	15,473
HKD	Hong Kong	+/- 1%	6,740	+/- 1%	10,400
CNY	China	+/- 1%	4,333	+/- 1%	4,703
AED	United Arab Emirates	+/- 1%	2,229	+/- 1%	1,856
TRY	Turkish	+/- 1%	1,810	-	-
MYR	Malaysia	+/- 1%	1,790	+/- 1%	1,924
THB	Thailand	+/- 1%	1,502	+/- 1%	1,815
MXN	Mexico	+/- 1%	1,504	+/- 1%	1,810
BRL	Brazil	+/- 1%	-	+/- 1%	2,080
	Others	+/- 1%	4,963	+/- 1%	4,677

ALJAZIRA GLOBAL EMERGING MARKETS 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)****10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (Continued)***(ii) Commission rate risk*

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

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

(iii) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, the Fund has investments in listed equity securities (Note 5).

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
Semiconductors	+/- 1%	14,005	+/- 1%	10,142
Internet	+/- 1%	7,512	+/- 1%	10,634
Computers	+/- 1%	6,363	+/- 1%	3,623
Pharmaceuticals	+/- 1%	3,264	+/- 1%	2,718
Oil and Gas	+/- 1%	2,483	+/- 1%	2,080
Telecommunication	+/- 1%	2,327	+/- 1%	3,778
Auto manufacturing	+/- 1%	2,314	+/- 1%	2,092
Beverages	+/- 1%	1,705	+/- 1%	1,467
Electric and electronics	+/- 1%	1,671	+/- 1%	-
Banks	+/- 1%	1,473	+/- 1%	1,198
Electrical component and equipment	+/- 1%	1,419	+/- 1%	2,035
Mining	+/- 1%	1,386	+/- 1%	1,138
Food	+/- 1%	1,252	+/- 1%	-
Real Estate	+/- 1%	1,217	+/- 1%	-
Others	+/- 1%	12,478	+/- 1%	13,007
Chemicals	+/- 1%	-	+/- 1%	1,726
Iron/Steel	+/- 1%	-	+/- 1%	1,508
Commercial services	+/- 1%	-	+/- 1%	1,296

ALJAZIRA GLOBAL EMERGING MARKETS FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 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.

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	139,612	222,527

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on Monday and Thursday and it is, therefore, exposed to the liquidity risk of meeting Unitholder redemptions. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders.

ALJAZIRA GLOBAL EMERGING MARKETS FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2024

(Amounts in United States Dollars)

11 FAIR VALUE ESTIMATION

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

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

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

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

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

12 EVENTS AFTER THE END OF THE REPORTING PERIOD

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

13 LAST VALUATION DAY

The last valuation day for the purpose of preparation of these interim condensed financial statements was 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.