

MEFIC SAUDI FREESTYLE EQUITY FUND

Open-Ended Mutual Fund

(Managed By Middle East Financial Investment Company)

Interim condensed financial statements (Un-audited)

For the six-month period ended 30 June 2024

Together with the Independent Auditor's Review Report to the Unit Holders

MEFIC SAUDI FREESTYLE EQUITY FUND
Open-Ended Mutual Fund
(Managed By Middle East Financial Investment 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

TO THE SHAREHOLDERS OF MEFIC SAUDI FREESTYLE EQUITY FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of MEFIC Saudi Freestyle Equity Fund (the "Fund") Managed By Middle East Financial Investment Company (Fund Manager) as at 30 June 2024 and the related interim statement of comprehensive income and the interim statements of changes in net assets (Equity) attributable to the unitholders and interim statements of cash flows for the six-month periods then ended, and a summary of significant information on 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 Abdulmajeed Mohandis
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MEFIC SAUDI FREESTYLE EQUITY FUND
Open-Ended Mutual Fund
(Managed By Middle East Financial Investment Company)
INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2024
(Amounts in Saudi Riyals)

	<u>Notes</u>	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	6	23,605	9,698
Investments measured at fair value through profit or loss (FVTPL)	7	4,970,035	5,017,228
Dividend receivable		2,316	-
TOTAL ASSETS		4,995,956	5,026,926
<u>LIABILITIES</u>			
Accrued fund management fee	10	7,109	7,242
Accrued expenses	10	3,403	3,465
TOTAL LIABILITIES		10,512	10,707
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		4,985,444	5,016,219
Units in issue (in numbers)		19,689.76	20,320.82
Net Asset (Equity) per unit		253.1998	246.8512

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

MEFIC SAUDI FREESTYLE EQUITY FUND

Open-Ended Mutual Fund

(Managed By Middle East Financial Investment Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-month period ended 30 June 2024

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
<u>Investment Income</u>			
Dividend income		73,965	79,445
Realized gain from the sale of investments carried at FVTPL	8	65,679	140,540
Unrealized gain from investments carried at FVTPL	8	64,197	478,302
Other income		37	37
		<u>203,878</u>	<u>698,324</u>
<u>Expenses</u>			
Fund management fees	10	(52,230)	(47,370)
Other expenses	9	(14,923)	(13,533)
		<u>(67,153)</u>	<u>(60,903)</u>
Net income for the period		<u>136,725</u>	<u>637,421</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>136,725</u>	<u>637,421</u>

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

MEFIC SAUDI FREESTYLE EQUITY FUND

Open-Ended Mutual Fund

(Managed By Middle East Financial Investment Company)

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)

For the six-month period ended 30 June 2024

(Amounts in Saudi Riyals)

	<u>30 June 2024</u>	<u>30 June 2023</u>
Net assets (Equity) attributable to the Unitholders at beginning of the period	5,016,219	4,717,624
Total comprehensive income for the period	136,725	637,421
Subscriptions and redemptions from the unit holders:		
Issuance of units	-	-
Redemption of units	(167,500)	(590,514)
Net changes from unit transactions	(167,500)	(590,514)
Net assets (Equity) attributable to the Unitholders at end of the period	4,985,444	4,764,531
Unit Transactions	30 June 2024	30 June 2023
	(UNITS)	
As at beginning of the period	20,320.82	25,185.10
Issuance of units	-	-
Redemption of units	(631.06)	(2,975.94)
Net changes from unit transactions	(631.06)	(2,975.94)
Net assets (Equity) attributable to the Unitholders at end of the period	19,689.76	22,209.16

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

MEFIC SAUDI FREESTYLE EQUITY FUND
Open-Ended Mutual Fund
(Managed By Middle East Financial Investment Company)
INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six-month period ended 30 June 2024
(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
<u>Cash flows from operating activities:</u>			
Net income for the period		136,725	637,421
Adjustments for:			
Realized gain on the sale of investments carried at FVTPL	8	(65,679)	(140,540)
Unrealized gain from investments carried at FVTPL	8	(64,197)	(478,302)
		<u>6,849</u>	<u>18,579</u>
<u>Net changes in operating assets and liabilities:</u>			
Purchase of Investments carried at FVTPL	7	(391,462)	(265,595)
Proceeds from the sale of investments carried at FVTPL	7	568,531	929,529
Accrued Dividend		(2,316)	3,105
Accrued fund management fee		(133)	(313)
Accrued expenses		(62)	(150)
Net cash generated from operating activities		<u>181,407</u>	<u>685,155</u>
<u>Cash flows from financing activities:</u>			
Proceeds from issuance of units		-	-
Redemption of units		(167,500)	(590,514)
Net cash used in financing activities		<u>(167,500)</u>	<u>(590,514)</u>
Net change in cash and cash equivalents		13,907	94,641
Cash and cash equivalents at beginning of the period		<u>9,698</u>	<u>119,514</u>
Cash and cash equivalents at end of the period		<u><u>23,605</u></u>	<u><u>214,155</u></u>

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

MEFIC SAUDI FREESTYLE EQUITY FUND

Open-Ended Mutual Fund

(Managed By Middle East Financial Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2024

(Amounts in Saudi Riyals)

1. FUND AND ITS ACTIVITIES

The MEFIC Saudi Freestyle Equity Fund (the “Fund”) is an open-ended mutual fund established and managed by agreement between Middle East Financial Investment Company (the “Fund Manager”) and the fund’s investors (Unit Holders).

The fund's objective is to achieve capital returns through long-term capital development by investing in the Saudi stock market, public listed funds, IPO funds and money market funds. All investments of the Fund are compliant with Shariah provisions.

The Fund started its activities on 14 Rabi’ Al-Thani 1439 H, corresponding to 1 January 2018. The Capital Market Authority approved the establishment of the fund by letter No. 17/3403/5/3 dated 18 Ramadan 1438 H corresponding to 13 June 2017.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulation (the “Regulation”) published by CMA on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulation have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

3. BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard No. (34) “Initial Financial Report” approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These interim condensed financial statements do not include all the information required in the annual financial statements, and should be read in conjunction with the Fund's annual financial statements for the year ended 31 December 2023. The interim period is an integral part of the entire year, however, the results of operations for the initial periods are not necessarily indicative of the results of the entire year.

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost basis, as amended, using the accrual basis of accounting except for investments carried at fair value through profit or loss which are carried at their fair value. The Fund presents its interim statement of financial position in the order of liquidity.

3.3 Functional and Presentation Currency

Items included in the interim condensed financial statements are measured using the functional currency in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Fund

3.4 Critical accounting judgments, estimates and assumption

The preparation of financial statements requires management to use judgments, estimates and assumptions that affect the amounts of assets and liabilities, revenue and expenses, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could lead to results that require a material adjustment to the book value of assets or liabilities that affect future periods.

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(Amounts in Saudi Riyals)

3. BASIS OF PREPARATION (CONTINUED)

3.4 Critical accounting judgments, estimates and assumption (continued)

The uncertainty of key assumptions about the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below. In its assumptions and estimates, the Fund relied on the indicators available when preparing the financial statements. The current cases and assumptions are subject to development in the future as they may arise as a result of market changes or situations outside the control of the Fund. Such changes are reflected in the assumptions when they occur.

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 doubt on the Fund's ability to continue as a going concern. Therefore, these financial statements have been prepared on the going concern basis.

4. SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES

The accounting policies used in preparing these financial statements are consistent with those used and disclosed in the Fund's annual financial statements for the year ended 31 December 2023. There are new standards, amendments and interpretations that apply for the first time in 2024, but they have no impact on the financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's 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.

5. MANAGEMENT FEE, AND OTHER EXPENSE

On each valuation day, the fund manager charges the fund a management fee of 1.75% of the fund's net asset value, deducted on a monthly basis.

The fund manager recovers from the fund any expenses incurred on behalf of the fund such as audit fees, legal fees, board of directors' fees and any other similar fees. And it is not expected in their total to exceed 0.5% of the fund's net asset value

6. CASH AND CASH EQUIVALENTS

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Cash in investment account	<u>23,605</u>	<u>9,698</u>

*The Fund does not earn profits from investment accounts

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(Amounts in Saudi Riyals)

7. INVESTMENTS CARRIED AT FVTPL

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Opening balance	5,017,228	4,605,532
Purchase of investments during the period / year	391,462	469,722
Realized gain / loss on disposal of investments carried at FVTPL	65,679	(1,348,165)
Unrealized gain on investments carried at FVTPL	64,197	249,020
Disposal of investments of the period / year	(568,531)	1,041,119
Investment value at the end of the period / year	4,970,035	5,017,228

8. NET GAIN FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Realized gain from sale of investments carried at FVTPL	65,679	140,540
Unrealized gain on investments carried at FVTPL	64,197	478,302
	129,876	618,842

9. OTHER EXPENSES

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Other Expenses	12,976	11,769
VAT Expense	1,947	1,764
	14,923	13,533

10. RELATED PARTIES TRANSACTIONS AND BALANCES

The related parties of the fund are unit holders, the fund manager and other funds managed by the fund manager. In the normal course of business transactions with related parties are carried out in accordance with the provisions issued by the CMA. All related party transactions are approved by the Fund's Board of Directors

The significant related party transactions made by the Fund during the year and the balances resulting from such transactions are as follows:

Related parties	Nature of transaction	Amount of transaction during the period		Balance as at	
		30 June 2024 (Un-audited)	30 June 2023 (Un-audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Middle East Financial Investment Company (Fund Manager)	Accrued fund management fees	52,230	47,370	7,109	7,242
	Accrued expenses	14,923	13,533	3,403	3,465

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(Amounts in Saudi Riyals)

11. FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2024 (Un-audited)	Amortized cost	FVTPL
Assets as per statement of assets and liabilities		
Cash and cash equivalents	23,605	-
Investments carried at FVTPL	-	4,970,035
Total	23,605	4,970,035
31 December 2023 (Audited)	Amortized cost	FVTPL
Assets as per statement of assets and liabilities		
Cash and cash equivalents	9,698	-
Investments carried at FVTPL	-	5,017,228
Total	9,698	5,017,228

12 FINANCIAL RISK MANAGEMENT

12.1 Financial risk factors

The objective of the Fund 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

- 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 equity instruments.

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(Amounts in Saudi Riyals)

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 Financial risk factors (CONTINUED)

(a) Market risk (CONTINUED)

- Price risk (CONTINUED)

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June) 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		
	Cost	Market value	% Market value
Banks	1,648,288	1,593,193	32%
Telecommunications	306,717	289,255	6%
Pharmaceuticals	91,770	116,029	2%
Applications and technology services	399,350	418,460	8%
Commercial and professional services	188,842	180,538	4%
Media and entertainment	60,720	63,187	1%
energy	732,356	646,533	13%
materials	697,790	637,442	13%
Transport	470,866	659,269	14%
Retail of discretionary	104,094	85,948	2%
utilities	160,310	169,510	3%
Capital goods	44,735	110,671	2%
Total	4,905,838	4,970,035	100%

	31 December 2023		
	Cost	Market value	% Market value
Telecommunications	288,847	318,837	6%
Pharmaceuticals	71,880	137,770	3%
Investment and financing	46,336	47,821	1%
Bank	1,574,645	1,741,140	35%
Applications and technology services	182,600	448,250	9%
Commercial and professional services	103,981	188,843	4%
Energy	543,569	688,604	14%
Materials	841,326	871,003	17%
Transport	277,392	470,866	9%
Retail of discretionary	45,533	104,094	2%
Total	3,976,109	5,017,228	100%

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2024

(Amounts in Saudi Riyals)

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk in cash and cash equivalents. Bank balances are deposited in local banks, which is considered a good financially rated bank. The following table shows the maximum exposure to credit risk for the components of the statement of financial position:

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Cash and cash equivalents	<u>23,605</u>	<u>9,698</u>

The book value of financial assets represents the maximum credit exposure.

Credit risk on cash is limited as:

- All financial assets of the Fund are held with counterparties with sound credit ratings.

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.

(c) Liquidity risk

It Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations related to financial liabilities. The fund manager monitors the liquidity requirements on an ongoing basis in order to ensure the adequacy of the available funding to meet any obligations when they occur.

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 unit holders.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2024

(Amounts in Saudi Riyals)

12. FINANCIAL RISK MANAGEMENT(CONTINUED)

12.2 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 book 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.

13. SUBSEQUENT EVENTS

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.

14. LAST VALUATION DAY

The last valuation day for the period was 30 June 2024.

15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Fund's Board on 7 August 2024 (corresponding to 3 Safar 1446 AH).