

**NAFAQAH WAQF FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**Condensed Interim Financial Statements (Unaudited)**  
**For the period from 20 January 2021**  
**(date of commencement of operations) to 30 June 2021**  
**together with the**  
**Independent Auditor's Review Report to the Unitholders**

**NAFAQAH WAQF FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**Condensed Interim Financial Statements (Unaudited)**  
**For the six-month period ended 30 June 2021**

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



## KPMG Professional Services

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## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

# Independent auditor's report on review of condensed interim financial statements

## To the Unitholders of Nafaqah Waqf Fund

### Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **Nafaqah Waqf Fund** (the "Fund"), managed by **Jadwa Investment Company** (the "Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2021;
- the condensed interim statement of comprehensive income for the period from 20 January 2021 to 30 June 2021;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the period from 20 January 2021 to 30 June 2021;
- the condensed interim statement of cash flows for the period from 20 January 2021 to 30 June 2021; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 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 financial information 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 30 June 2021 condensed interim financial statements of **Nafaqah Waqf Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

**Hani Hamzah A. Bedairi**  
License No. 460

Date: 8 Muharram 1443H

Corresponding to: 16 August 2021



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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأسمالها (١٥.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل. التسمية سابقاً "شركة كي بي إم جي الفزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المسجلة والكفيلة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

**NAFAQAH WAQF FUND**  
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**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

	<i>Notes</i>	<b>30 June 2021</b>
		<b>(Unaudited)</b>
<b>ASSETS</b>		
Cash and cash equivalents	7	1,925
Investments	8	11,863,607
<b>Total assets</b>		<b>11,865,532</b>
<b>LIABILITIES</b>		
Management fee payable	1(c), 10	49
Accrued expense and other payable		20,591
Fund board fee		7,492
<b>Total liabilities</b>		<b>28,132</b>
<b>Net assets (equity) attributable to the Unitholders (SAR)</b>		<b>11,837,400</b>
<b>Units in issuance (numbers):</b>		<b>1,076,770.1947</b>
<b>Net assets (equity) attributable to each unit (SAR):</b>		<b>10.9934</b>

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

**NAFAQAH WAQF FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**For the period from 20 January 2021 to 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

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	<i>Notes</i>	<b>For the period from 20 January 2021 to 30 June 2021</b>
Gain on investment, net	9	<b>1,084,813</b>
<b>Total revenue</b>		<b>1,084,813</b>
Management fee	10	<b>(49)</b>
Other operating expenses		<b>(26,935)</b>
Fund board fee	10	<b>(7,492)</b>
<b>Total operating expenses</b>		<b>(34,476)</b>
<b>Net profit for the period</b>		<b>1,050,337</b>
Other comprehensive income for the period		--
<b>Total comprehensive income for the period</b>		<b>1,050,337</b>

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

**NAFAQAH WAQF FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**  
**ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)**  
**For the period from 20 January 2021 to 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

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	<b>For the period from 20 January 2021 to 30 June 2021</b>
Net profit for the period	<b>1,050,337</b>
Proceeds from issuance of units	<b>10,787,063</b>
<b>Net assets (equity) attributable to the Unitholders</b>	<b><u>11,837,400</u></b>
<b>Units in issuance (numbers)</b>	<b><u>1,076,770</u></b>
<b>Net assets (equity) attributable to each unit (SAR)</b>	<b><u>10.9934</u></b>

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

**NAFAQAH WAQF FUND**  
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**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For the period from 20 January 2021 to 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

	<b>For the period from 20 January 2021 to 30 June 2021</b>
<i>Notes</i>	
<b>Cash flows from operating activities</b>	
Net profit for the period	1,050,337
<i>Adjustments for:</i>	
Gain from investments, net	9 <u>(1,084,813)</u>
	(34,476)
<b>Net changes in operating assets and liabilities</b>	
Purchase of investments	<u>(10,785,794)</u>
Proceeds from sale of investments	7,000
Management fee payable	49
Accrued expenses and other liabilities	20,591
Fund board fee payable	7,492
<b>Net cash used in operating activities</b>	<u>(10,785,138)</u>
<b>Cash flows from financing activities</b>	
Proceeds from issue of units	<u>10,787,063</u>
<b>Net cash generated from financing activities</b>	<u>10,787,063</u>
<b>Net increase in cash and cash equivalents</b>	1,925
Cash and cash equivalents at beginning of the period	<u>--</u>
<b>Cash and cash equivalents end of the period</b>	<u><u>1,925</u></u>

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

**NAFAQAH WAQF FUND**  
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**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the period from 20 January 2021 to 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

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**1. GENERAL INFORMATION**

- (a) Nafaqah Waqf Fund (the “Fund”) is an open-ended fund established and managed as per terms and conditions between Jadwa Investment Company (the “Fund Manager”) and the Fund Investors (the “Unitholders”). The Fund commenced its operations on 20 January 2021 after Approval from the Capital Market Authority’s (“CMA”).

The Fund aims to enhance the development role of private endowment in supporting the Fund through developing, investing, protecting endowed assets of the Fund to achieve social solidarity and bring benefits to the expenses of endowment and the endowed asset. While the Fund Manager receives subscription amounts from subscribers (persons who create endowment) and investing it locally and internationally in all assets categories for the purpose of appreciation of endowed capital and distribute (50%) of the net income (endowment returns) periodically on the endowment expenses specified for the Fund that represents the beneficiary body. The Fund's net assets at the time of liquidation will also be used toward endowment purposes.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

- (b) The Fund is governed by Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “amended regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016), and 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Fund is also subject to the licensing instructions for endowment investment funds.
- (c) The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s terms and conditions, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas.

The Fund Manager and administrator of the Fund is Jadwa Investment Company and the custodian of the Fund is Albilad Capital.

The Fund Manager charges the Fund a management fee of 0.6% of the net assets (equity) value at each valuation day (on each Monday and Thursday of the week). The Fund does not charge any management fee when it is investing in any Funds managed by Jadwa Investment Company.

In addition, the Fund Manager has the right to collectively charge the Fund all other expenses related to the management of the Fund, including but not limited to audit fee and legal charges subject to limits as set out in the Fund’s terms and conditions not exceeding 0.30% of the net assets (equity) annually.

- (d) As per the terms and conditions of the Fund, the first financial reporting period of the Fund is from 20 January 2021 (date of commencement of operations) to 31 June 2021. Accordingly, these financial statements have been prepared for the period from 20 January 2021 to 30 June 2021 and no comparative figures have been presented.



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**For the period from 20 January 2021 to 30 June 2021**  
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**2. BASIS OF ACCOUNTING**

These condensed interim financial statements are prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions and the Information Memorandum.

**3. BASIS OF MEASUREMENT**

These condensed interim financial statements have been prepared on a historical cost convention, except for investments which are carried at fair value, using accrual basis of accounting and the going concern concept.

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 condensed interim statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

These condensed interim financial statements are presented in Saudi Arabian Riyal ("SAR"), which is the Fund's functional currency. All amounts have been rounded to the nearest SAR, unless otherwise indicated.

**5. USE OF JUDGMENTS AND ESTIMATES**

In preparing these condensed interim financial statements, management has made 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 estimates are recognized prospectively.

**6. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**a) *Functional currency***

Functional currency is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Fund's investment and transactions are denominated in SAR. Investor subscriptions and redemptions are determined based on equity value, and received and paid in SAR. Expenses (including management fee, and audit fees) are denominated and paid in SAR. Accordingly, management has determined that the functional currency of the Fund is SAR.

**b) *Dividend income***

Dividend income is recognized in the statement of comprehensive income on the date on which the right to receive payment is established. For private equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at fair value through profit or loss is recognized in the statement of comprehensive income in a separate line item.

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**For the period from 20 January 2021 to 30 June 2021**  
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**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Zakat / taxation**

Under the current system of zakat and income tax in the Kingdom of Saudi Arabia, the Fund is exempt from paying any zakat and income tax. Zakat and income tax are considered to be the obligation of the Unitholders and are not provided in the accompanying financial statements.

The Value Added Tax ("VAT") applicable for fees and expenses are recognized in the statement of comprehensive income.

**d) Provisions**

Provisions are recognized whenever there is present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**e) Management fee expense**

Management fee expense is recognized in the statement of comprehensive income as the related services are performed.

**f) Cash and cash equivalents**

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

**g) Financial assets and liabilities**

***Classification of financial assets***

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

***Financial asset at amortized cost***

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial asset at fair value through other comprehensive income ("FVOCI")***

A financial asset is measured at fair value through FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund Manager may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

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**For the period from 20 January 2021 to 30 June 2021**  
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**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g) *Financial assets and liabilities (continued)***

*Financial asset at fair value through profit or loss ("FVTPL")*

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL.

*Business model assessment*

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

*Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Commission / Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the period from 20 January 2021 to 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

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**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g) *Financial assets and liabilities (continued)***

***Reclassifications***

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

***Classification of financial liabilities***

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL.

***Recognition and initial measurement***

Financial assets at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition issue.

***Subsequent measurement***

Financial assets at FVTPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognized in profit or loss in 'unrealized gain / (loss) on investment' in the statement of comprehensive income.

Financial assets and financial liabilities at amortized cost are subsequently measured at amortized cost using effective interest method and is recognized in the statement of comprehensive income. Any gain or loss on de-recognition is also recognized in the statement of comprehensive income. The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principle repayments, plus or minus the cumulative amortizing using effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

***Derecognition***

The Fund derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in statement of comprehensive income. Any interest in such transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognized.

The Fund derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the period from 20 January 2021 to 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

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**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g) *Financial assets and liabilities (continued)***

***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously.

Income and expenses are presented on a net basis for gain and losses from financial instruments at FVTPL and foreign exchange gains and losses.

**h) *Fair value measurement***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

When available, the Fund measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market as per the official closing price in the related stock exchange where the instrument is traded.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

**i) *Distributions to the Unitholders***

Distribution to the Unitholders is accounted for as a deduction from net assets (equity) attributable to the Unitholders. Dividend is recognized as a liability in the period in which it is irrevocably declared by the Fund Manager. A final dividend is recognized as a liability in the period in which it is approved by the Fund Manager.

**j) *Redeemable units***

The Fund classified financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the period from 20 January 2021 to 30 June 2021**  
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**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j) Redeemable units (continued)**

- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

**k) Standards and Regulations issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Fund has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements.

**7. CASH AND CASH EQUIVALENTS**

These comprise of balances held mainly with custodian under omnibus account with a local bank having an investment grade credit rating. Cash and cash equivalents also include balances against transactions awaiting settlement.

**8. INVESTMENTS**

This represents investment in mutual funds managed by Jadwa investment company (a related party).

	<b>30 June 2021</b>		
	<b>(Unaudited)</b>		
<b><u>Investment Funds</u></b>	<b><u>Cost</u></b>	<b><u>Fair value</u></b>	<b><u>% of fair value</u></b>
FVTPL:			
Jadwa Global SUKUK Fund - Class B	2,158,323	2,157,255	18.18
Jadwa International SUKUK Fund - Class A	2,155,232	2,151,832	18.14
Jadwa Saudi Equity Fund - Class B	3,991,213	5,068,139	42.72
Jadwa Saudi Riyal Murabaha Fund - Class B	2,474,028	2,486,382	20.96
Total	<u>10,778,797</u>	<u>11,863,607</u>	<u>100.00</u>

**9. GAIN ON INVESTMENTS, NET**

	<b>For the period from 20 January 2021 to 30 June 2021</b>
Realised gain, net	3
Unrealised gain, net	<u>1,084,810</u>
	<u><u>1,084,813</u></u>

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**For the period from 20 January 2021 to 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Fund include the Fund Manager and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the Fund Manager.

In addition to transactions disclosed elsewhere in these condensed interim financial statements, the Fund entered into the following transactions with related parties during the period. These transactions were carried out on the basis of approved terms and conditions of the Fund.

<b>Related party</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>For the period from 20 January 2021 to 30 June 2021</b>
Jadwa Investment Company	The Fund Manager	Management fee	<b>49</b>
The Fund Board	The Fund Board	The Fund Board fee (independent member)	<b>7,492</b>

Balances arising from above transactions with related parties are as follows:

<b>Related party</b>	<b>Nature of relationship</b>	<b>Nature of balance</b>	<b>As at 30 June 2021 (Unaudited)</b>
Jadwa Investment Company	The Fund Manager	Management fee payable	<b>49</b>

**11. LAST VALUATION DAY**

The Fund's units are valued on every Monday and Thursday of the week and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these condensed interim financial statements was 30 June 2021.

**12. FAIR VALUE MEASUREMENT**

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

**NAFAQAH WAQF FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the period from 20 January 2021 to 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

**12. FAIR VALUE MEASUREMENT (CONTINUED)**

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund values investment in the mutual funds using unadjusted net assets value (Level 2 valuation). The unadjusted net assets value is used when the security is redeemable at the reportable net assets value at, or appropriately at, the measurement date.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the condensed interim statement of financial position. All fair value measurements below are recurring.

<u>Financial assets at fair value</u>	<u>30 June 2021 (Unaudited)</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>	<u><b>11,863,607</b></u>	<u><b>--</b></u>	<u><b>11,863,607</b></u>	<u><b>--</b></u>	<u><b>11,863,607</b></u>

For the period ended 30 June 2021, there were no transfers between levels.

For financial assets and liabilities carried at amortized cost, their carrying values are a reasonable approximation of fair value.

**13. IMPACT OF COVID-19**

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing a resurgence of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of the Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government, following which the Government has ended the lockdowns and has taken phased measures towards normalization including mass immunization.

However, the Fund continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, the teething effects of which may be felt for some time and is closely monitoring its exposures.

**14. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no events subsequent to the condensed interim statement of financial position date which require adjustments of or disclosure in the financial statements or notes thereto.

**15. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were authorized for issue by the Fund Manager on 8 Muharram 1443H (corresponding to 16 August 2021).