

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
Financial Statements
For the year ended 31 December 2024
together with the
Independent Auditor's Report to the Unitholders

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
Financial Statements
For the year ended 31 December 2024

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 – 19



KPMG Professional Services Company

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Unitholders of Nafaqah Waqf Fund

Opinion

We have audited the financial statements of **Nafaqah Waqf Fund** (the "Fund") managed by Jadwa Investment Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the Unitholders and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund Board, are responsible for overseeing the Fund's financial reporting process.

Independent Auditor's Report

To the Unitholders of Nafaqah Waqf Fund (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Nafaqah Waqf Fund** ("The Fund").

KPMG Professional Services Company


Nasser Ahmed Alshutairy
License No: 454


Lic No. 48
C.R. 1010426484
R: 2
KPMG
KPMG Professional Services

Riyadh, 24 Ramadan 1446H
Corresponding to: 24 March 2025

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
(Amounts in Saudi Arabian Riyals)

	<u>Notes</u>	31 December 2024	31 December <u>2023</u>
ASSETS			
Cash and cash equivalents	7	2,548	3,353,115
Investments	8	72,859,004	43,216,117
Total assets		72,861,552	46,569,232
LIABILITIES			
Management fee payable	1(c), 9	91,460	18,980
Accrued expenses and other liabilities		69,753	67,902
Total liabilities		161,213	86,882
Net assets (equity) attributable to the Unitholders (SAR)		72,700,339	46,482,350
Units in issuance (numbers)		5,390,388.95	3,719,934.26
Net assets (equity) attributable to each unit (SAR)		13.4870	12.4955

The accompanying notes (1) to (16) form an integral part of these financial statements.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	31 December 2024	31 December 2023
Gain on investment, net	8.1	4,314,570	4,830,801
Dividend income		25,119	--
Total income		4,339,689	4,830,801
Management fees	1(c), 9	(91,460)	(48,414)
Fund Board fees	9	(16,000)	(15,956)
Other operating expenses		(63,757)	(58,518)
Foreign exchange loss		(5,315)	(2,660)
Total operating expenses		(176,532)	(125,548)
Net profit for the year		4,163,157	4,705,253
Other comprehensive income for the year		--	--
Total comprehensive income for the year		4,163,157	4,705,253

The accompanying notes (1) to (16) form an integral part of these financial statements.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

	31 December 2024	31 December 2023
Net assets (equity) attributable to the Unitholders at the beginning of the year	46,482,350	23,703,122
Total comprehensive income for the year	4,163,157	4,705,253
Proceeds from the issuance of units	22,054,832	18,073,975
Net assets (equity) attributable to the Unitholders at the end of the year	<u>72,700,339</u>	<u>46,482,350</u>
	31 December 2024	31 December 2023
Units transactions <i>(numbers)</i>		
Units in issuance at the beginning of the year	3,719,934.26	2,177,429.85
Issuance of units during the year	1,670,454.69	1,542,504.41
Units in issuance at end of the year	<u>5,390,388.95</u>	<u>3,719,934.26</u>

The accompanying notes (1) to (16) form an integral part of these financial statements.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	31 December 2024	31 December 2023
Cash flows from operating activities			
Net profit for the year		4,163,157	4,705,253
<i>Adjustments for:</i>			
Gain from investments, net	8.1	(4,314,570)	(4,830,801)
Dividend income		(25,119)	--
		(176,532)	(125,548)
<i>Net changes in operating assets and liabilities</i>			
Purchase of investments		(26,810,615)	(21,867,750)
Proceeds from sale of investments		1,482,298	7,133,424
Management fee payable		72,480	(14,538)
Accrued expenses and other liabilities		1,851	(5,031)
Net cash used in operations		(25,430,518)	(14,879,443)
Dividend received		25,119	--
Net cash used in operating activities		(25,405,399)	(14,879,443)
Cash flows from financing activities			
Proceeds from issuance of units		22,054,832	18,073,975
Net cash generated from financing activities		22,054,832	18,073,975
Net (decrease)/increase in cash and cash equivalents		(3,350,567)	3,194,532
Cash and cash equivalents at beginning of the year	7	3,353,115	158,583
Cash and cash equivalents at end of the year	7	2,548	3,353,115

The accompanying notes (1) to (16) form an integral part of these financial statements.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

1. GENERAL INFORMATION

- (a) Nafaqah Waqf Fund (the “Fund”) is an open-ended equity 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 after the fund board’s approval. 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 of the Fund.

- (b) The Fund is governed by Investment Fund Regulations (the “Regulations”) published by 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 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) along with VAT charges at 15% of transaction. The Fund Manager 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 3% of the net assets (equity) annually.

2. BASIS OF ACCOUNTING

These financial statements of the Fund have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and comply with the applicable provisions of the Investment Funds Regulations issued by the CMA and the Fund’s terms and conditions.

3. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost convention using the accrual basis of accounting and going concern concept except for investments measured at fair value through profit or loss (“FVTPL”) which are recorded 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 statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

4. FUNCTIONAL AND PRESENTATION CURRENCY

These 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

The preparation of the financial statements requires the Fund Manager 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

6. MATERIAL ACCOUNTING POLICIES

The Fund has consistently applied the following accounting policies to all periods presented unless otherwise stated and the material accounting policies applied in the preparation of these financial statements are set out below.

a) *Foreign currency*

Transactions in foreign currencies are translated into SAR at the spot exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into SAR at the closing spot exchange rate at the reporting date. Foreign currency differences arising on translation are recognized in 'foreign exchange gain/loss' in the statement of profit or loss and other comprehensive income, except for those arising on financial instruments at FVTPL which are recognized as a component of 'gain/loss on investments, net'.

b) *Net gain or loss on financial assets and liabilities at FVTPL*

Net gains or losses on investments includes all realised and unrealised fair value changes and foreign exchange differences.

c) *Dividend income*

Dividend income is recognized in the statement of profit or loss and other comprehensive income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities at FVTPL is recognized in the statement of profit or loss and other comprehensive income in a separate line item.

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*

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.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 assets measured 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 assets measured at 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.

Financial assets measured at FVTPL

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

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy 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 realized 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.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) *Financial assets and liabilities (continued)*

Business model assessment (continued)

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 profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' 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 profit, 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.

Classification of financial liabilities

Financial liabilities are classified as measured at amortised cost unless it has designated liabilities at FVTPL.

Recognition and initial measurement

The Fund initially recognizes regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which 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 measured at FVTPL are subsequently measured at fair value. Net gains or losses including any foreign exchange gains and losses, are recognized in profit or loss in 'gain/loss on investments, net' in the statement of profit or loss and other comprehensive income.

Financial assets measured at amortized cost are subsequently measured at amortized cost using effective interest method. Special commission income is recognised in 'special commission income', foreign exchange gains/losses are recognised in 'foreign exchange gain/loss' and impairment is recognised in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities measured at amortised cost are subsequently measured at amortised cost using effective interest method. Special commission expense and foreign exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) *Financial assets and liabilities (continued)*

Recognition and initial measurement (continued)

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.

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 in the principle or, in its absence, the most advantageous market to which the Fund has access at that date.

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.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 Board.

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;
- 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, interpretations and amendments thereof, adopted by the Fund

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2024. The Fund Manager has assessed that the amendments have no significant impact on the Fund's financial statements.

Amendments to IAS 1 - *Classification of liabilities as current or non-current and non-current liabilities with covenants*

Amendments to IAS 7 and IFRS 7 - *Supplier finance arrangements*

Amendments to IFRS 16 - *Lease liability in a sale and leaseback transaction*

l) Standards, interpretations and amendments issued but not yet effective

Standards issued but not yet effective are listed below. The Fund intends to adopt these standards when they become effective.

<i>Standards / Amendments</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IAS 21	Lack of exchangeability	1 January 2025
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	Effective date deferred indefinitely

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

7. CASH AND CASH EQUIVALENTS

It represents balances held with local bank that have short-term and long-term ratings ranging from 'F2' and 'A-' respectively.

8. INVESTMENTS

	31 December 2024	31 December 2023
Investment measured at FVTPL:		
- Units of mutual funds	<i>11(a)</i> 72,859,004	43,216,117

8.1 Below are the details of gain on investments, net:

	31 December 2024	31 December 2023
Realized gain on investments measured at FVTPL, net	49,668	223,271
Unrealized gain on investments measured at FVTPL, net	4,264,902	4,607,530
	4,314,570	4,830,801

9. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Fund Manager, the Fund Board 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 financial statements, the Fund entered into the following transactions with the related parties during the year / period. These transactions were carried out on the basis of approved terms and conditions of the Fund.

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	31 December 2024	31 December 2023
Jadwa Investment Company	The Fund Manager	Management fee	91,460	48,414
The Fund Board	The Fund Board	Meeting fee (Independent member)	16,000	15,956

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

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balances</u>	31 December 2024	31 December 2023
Jadwa Investment Company	The Fund Manager	Management fee Payable	91,460	18,980
The Fund Board	The Fund Board	Meeting Fee payable to an independent member of the Fund Board	41,430	25,430

10. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments:

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

10. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	<u>Amortized cost</u>	<u>FVTPL</u>
31 December 2024		
<i>Financial assets</i>		
Cash and cash equivalents	2,548	--
Investments	--	72,859,004
Total financial assets	<u>2,548</u>	<u>72,859,004</u>
<i>Financial liabilities</i>		
Management fee payable	91,460	--
Accrued expenses and other liabilities	69,753	--
Total financial liabilities	<u>161,213</u>	<u>--</u>
	<u>Amortized cost</u>	<u>FVTPL</u>
31 December 2023		
<i>Financial assets</i>		
Cash and cash equivalents	3,353,115	--
Investments	--	43,216,117
Total financial assets	<u>3,353,115</u>	<u>43,216,117</u>
<i>Financial liabilities</i>		
Management fee payable	18,980	--
Accrued expenses and other liabilities	67,902	--
Total financial liabilities	<u>86,882</u>	<u>--</u>

11. FINANCIAL RISK MANAGEMENT

The Fund has exposure to the following risks from financial instruments:

- a) market risk;
- b) credit risk;
- c) liquidity risks; and
- d) operational risk.

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. The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Fund are discussed below.

The Fund Manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with target asset allocations as per the terms and conditions is monitored by the portfolio management team on a regular basis.

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

'Market Risk' is the risk that changes in market prices – such as commission rates, foreign exchange rates, equity prices and credit spreads – will affect the Fund's income or the fair value of its holdings in financial instruments.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective as per the Fund's terms and conditions.

The Fund's market risk is managed by the Fund Manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a daily basis by the portfolio management team.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

i. Foreign currency risk

Foreign currency risk arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in SAR. Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of the Fund's financial assets or financial liabilities denominated in currencies other than Riyal.

The Fund's currency risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place. The Fund's currency positions and exposures are monitored on a daily basis by the Fund Manager

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in USD. As the Saudi Arabian Riyal is pegged against the United States Dollar, there is unlikely to be any material impact on the statement of profit or loss in respect of the financial instruments denominated in United States Dollar.

ii. Commission rate risk

Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of financial instruments. The Fund is not subject to commission rate risk on its investments.

iii. Other price risk

Other price risk' is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from commission rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Fund's terms and conditions. A summary analysis of investments by nature is presented below and it is reviewed on weekly basis by the portfolio management team.

Exposure

The Fund Manager monitors the concentration risk for investments based on counterparties. The composition of the Fund's investment in units of investment funds is as follows:

Investment Funds	31 December 2024		
	Cost	Fair value	% of Fair value to total investments
Jadwa Saudi Equity Fund - Class A*	19,593,023	27,256,031	37.41
Aljazira Sukuk Fund	12,749,588	13,127,017	18.02
Jadwa Global Sukuk Fund - Class A*	12,668,931	13,146,255	18.04
Jadwa Saudi Riyal Murabaha Fund - Class C*	6,110,109	6,361,899	8.73
Artal Murabaha Fund (Class A)	2,085,174	2,181,107	2.99
Jadwa International Multi-Manager Absolute Return Fund 2- Class A*	1,452,552	1,454,559	2.00
Jadwa International Multi-manager Real Assets Fund 2- Class A*	1,442,872	1,483,734	2.04
Jadwa International Multi-Manager Absolute Return Fund - Class A*	1,358,600	1,395,901	1.92
Jadwa International Multi-manager Real Assets Fund - Class A*	1,358,600	1,419,744	1.95
Jadwa International Multi-manager Real Assets Fund 3 - Class A*	1,268,423	1,270,015	1.74
Jadwa International Multi-manager Private Equity Fund - Class A*	1,012,879	1,150,218	1.58
Jadwa International Multi-manager Absolute Return Fund 3 - Class A*	829,500	830,545	1.14
Jadwa International Multi-Manager Absolute Return Fund 4-Class A*	777,917	778,553	1.06
Jadwa International Multi-manager Private Equity Fund 3 - Class A*	404,380	404,882	0.56
Jadwa International Multi-manager Private Equity Fund 2 - Class A*	381,167	401,896	0.55
Jadwa International Multi-manager Private Equity Fund 4-Class A*	196,396	196,648	0.27
Total	63,690,111	72,859,004	100.00

* These funds are managed by the Fund Manager.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

<u>Investment Funds</u>	31 December 2023		
	Cost	Fair value	% of Fair value to total investments
Jadwa Saudi Equity Fund - Class A*	12,755,288	17,400,741	40.26
Aljazira Sukuk Fund	6,351,457	6,441,354	14.90
Jadwa Global Sukuk Fund - Class B*	6,266,347	6,318,328	14.62
Jadwa Saudi Riyal Murabaha Fund - Class C*	3,237,115	3,263,366	7.55
Jadwa International Multi-Manager Absolute Return Fund 2- Class A*	1,452,552	1,450,459	3.36
Jadwa International Multi-manager Real Assets Fund 2- Class A*	1,442,872	1,440,778	3.33
Jadwa International Multi-manager Real Assets Fund - Class A*	1,358,600	1,378,765	3.19
Jadwa International Multi-Manager Absolute Return Fund - Class *A	1,358,600	1,373,154	3.18
Artal Murabaha Fund (Class A)	1,078,652	1,090,152	2.52
Jadwa International Multi-manager Private Equity Fund - Class A*	1,012,879	1,062,071	2.46
Jadwa International Multi-manager Real Assets Fund 3 - Class A*	651,510	651,179	1.51
Jadwa International Multi-manager Absolute Return Fund 3 - Class *A	649,972	649,658	1.50
Jadwa International Multi-manager Private Equity Fund 2 - Class A*	381,167	381,157	0.88
Jadwa International Multi-manager Private Equity Fund 3 - Class A*	315,114	314,955	0.74
Total	38,312,125	43,216,117	100.00

* These funds are managed by the Fund Manager.

b) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from cash and cash equivalents and dividend receivable (if any). For risk management reporting

purposes, the Fund considers and aggregates all elements of credit risk exposure such as individual obligor default risk, counter party risk and sector risk etc. The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the certain credit standards.

The Fund's credit risk is monitored on a regular basis by portfolio management team to ensure it is in line with the investment guidelines of the Fund.

The table below shows the maximum exposure to credit risk for each component of the statement of financial position:

	31 December 2024	31 December 2023
Cash and cash equivalents	2,548	3,353,115

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties. Cash and cash equivalents are maintained with local banks that have credit ratings, as disclosed in Note 7. The Fund considers these to have low credit risk. Accordingly, the expected credit loss allowance has no material impact on these balances.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

11. 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 not being able to meet Unitholders’ redemption requests on these days. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions or liquidation of the investment portfolio.

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 the Unitholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
 - appropriate segregation of duties between various functions, roles and responsibilities;
 - reconciliation and monitoring of transactions; and
 - periodic assessment of operational risks faced,
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance.

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.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument’s valuation.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

12. FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of investments in unlisted investment funds is determined using unadjusted net asset values (Level 2 measurement) or by applying a discount to net the asset value (Level 3 measurement). The unadjusted asset value is used when the units in a fund are redeemable at the reportable net asset value at, or approximately at, measurement date. If this is not the case, then net asset value is used as a valuation input and an adjustment is applied for lack of marketability and restrictions on redemptions. The adjustment is based on management judgement after considering the period of restrictions and the nature of the underlying investments.

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 recognized in the statement of financial position. All fair value measurements below are recurring.

31 December 2024					
<u>Financial assets</u> <u>at fair value</u>	<u>Carrying</u> <u>amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>72,859,004</u>	<u>--</u>	<u>62,072,309</u>	<u>10,786,695</u>	<u>72,859,004</u>
31 December 2023					
<u>Financial assets</u> <u>at fair value</u>	<u>Carrying</u> <u>amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>43,216,117</u>	<u>--</u>	<u>43,216,117</u>	<u>--</u>	<u>43,216,117</u>

During the year, certain investment funds have been transferred from Level 2 to Level 3 due to the increasing reliance on significant unobservable inputs.

A reconciliation of fair value measurements, including this transfer and the significant valuation techniques and inputs applied, is provided below.

	31 December 2024	31 December 2023
Balance as at beginning of the year	--	--
Investment made during the year	1,859,902	--
Transfer from level 2 to 3	8,702,176	--
Unrealized gain recognized during the year	224,617	--
Balance at the end of the year / period	<u>10,786,695</u>	<u>--</u>

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There is no event subsequent to the statement of financial position date which require adjustment of or disclosure in the financial statements or notes thereto.

14. CHANGE IN CLASSIFICATION

During the year, the Fund reclassified the value added tax payable on the management fee from accrued expenses and other liabilities to Management Fee Payable for better presentation. Comparative amounts in the statement of financial position and statement of profit or loss and other comprehensive income have been reclassified accordingly to ensure consistency with the current year presentation.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2024
(Amounts in Saudi Arabian Riyals)

15. VALUATION DAY

The last valuation day for the purpose of preparation of these financial statements was 31 December 2024 (2023: 31 December 2023).

16. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund Board on 23 Ramadan 1446H (corresponding to 23 March 2025).