

TAKAFUL ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Financial Statements (Unaudited)
For the period from 07 January 2024 to 30 June 2024
together with the
Independent Auditor's Review Report to the Unitholders

TAKAFUL ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Financial Statements (Unaudited)
For the period from 07 January 2024 to 30 June 2024
(Amounts in SAR)

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كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

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

To the Unitholders of Takaful Endowment Fund

Introduction

We have reviewed the accompanying 30 June 2024 condensed interim financial statements of **Takaful Endowment Fund** (the "Fund"), managed by Al Rajhi Capital Company (the "Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2024;
- the condensed statement of comprehensive income for the period from 07 January 2024 to 30 June 2024;
- the condensed statement of changes in net assets (equity) attributable to the Unitholders for the period from 07 January 2024 to 30 June 2024;
- the condensed statement of cash flows for the period from 07 January 2024 to 30 June 2024; 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 the Capital Market Authority and the Fund's Terms and Conditions. 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 condensed interim 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 30 June 2024 condensed interim financial statements of **Takaful Endowment 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

Khalil Ibrahim Al Sedais
License No. 371



Date: 04 Safar 1446H
Corresponding to: 08 August 2024

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كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المنسقة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

TAKAFUL ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Statement of Financial Position (Unaudited)
As at 30 June 2024
(Amounts in SAR)

	<i>Notes</i>	30 June 2024
<u>ASSETS</u>		
Cash and cash equivalents	7	38,797
Investments at fair value through profit or loss (“FVTPL”)	8	29,308,787
Accrued special commission income		60,328
Dividend receivable		20,266
Total Assets		29,428,178
<u>LIABILITIES</u>		
Payable to custodian		94,805
Management fee payable	9	46,564
Accrued expenses	10	60,728
Total Liabilities		202,097
Net assets (equity) attributable to the Unitholders		29,226,081
Units in issue (numbers)		30,250,008
Net assets (equity) attributable to each unit (SAR)		0.97

The accompanying notes 1 to 17 form an integral part of these financial statements.

TAKAFUL ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Statement of Comprehensive Income (Unaudited)
For the period from 07 January 2024 to 30 June 2024
(Amounts in SAR)

	<i>Notes</i>	For the period from 07 January 2024 to 30 June 2024
INCOME		
Net unrealized loss on investments at FVTPL		(1,318,600)
Net realized loss on investments at FVTPL		(350,076)
Dividend income		528,688
Special commission income		231,672
Total loss		(908,316)
 EXPENSES		
Management fee	9	46,562
Other expenses	11	62,830
Total expenses		109,392
Net loss for the period		(1,017,708)
Other comprehensive income for the period		--
Total comprehensive loss for the period		(1,017,708)

The accompanying notes 1 to 17 form an integral part of these financial statements.

TAKAFUL ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Statement of Changes in Net Assets (Equity)
attributable to the Unitholders (Unaudited)
For the period from 07 January 2024 to 30 June 2024
(Amounts in SAR)

	For the period from 07 January 2024 to 30 June 2024
Net assets (equity) attributable to the Unitholders at beginning of the period	--
Net loss for the period	(1,017,708)
Other comprehensive income for the period	--
Total comprehensive loss for the period	(1,017,708)
Proceeds from issuance of units during the period	30,243,789
Net assets (equity) attributable to the Unitholders at end of the period	29,226,081

	For the period from 07 January 2024 to 30 June 2024
	<u>Units</u>
Unit transactions (numbers)	
Units in issuance at beginning of the period	--
Issuance of units during the period	30,250,008
Units in issuance at end of the period	30,250,008

The accompanying notes 1 to 17 form an integral part of these financial statements.

TAKAFUL ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Statement of Cash Flows (Unaudited)
For the period from 07 January 2024 to 30 June 2024
(Amounts in SAR)

	<i>Notes</i>	<u>For the period from 07 January 2024 to 30 June 2024</u>
Cash flows from operating activities		
Net loss for the period		(1,017,708)
Adjustments for:		
Net unrealized loss on investments at FVTPL		1,318,600
Net realized loss on investments at FVTPL		350,076
Dividend income		(528,688)
Net changes in operating assets and liabilities		
Purchase of investments at FVTPL		(47,681,163)
Proceeds from sale of investments at FVTPL		16,703,700
Increase in accrued special commission income		(60,328)
Increase in payable to custodian		94,805
Increase in management fee payable		46,564
Increase in accrued expenses		60,728
Cash used in operations		<u>(30,713,414)</u>
Dividend received		508,422
Net cash used in operating activities		<u>(30,204,992)</u>
Cash flows from financing activities		
Proceeds from issuance of units		30,243,789
Net cash flows generated from financing activities		<u>30,243,789</u>
Net increase in cash and cash equivalents		38,797
Cash and cash equivalents at the beginning of the period		--
Cash and cash equivalents at the end of the period	7	<u><u>38,797</u></u>

The accompanying notes 1 to 17 form an integral part of these financial statements.

TAKAFUL ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the period from 07 January 2024 to 30 June 2024
(Amounts in SAR)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

- a) Takaful Endowment Fund, (the "Fund") is an open-ended investment fund created by an agreement between Al Rajhi Capital Company (the "Fund Manager"), a wholly owned subsidiary of Al Rajhi Banking and Investment Corporation (the "Bank") and investors (the "Unitholders") in the Fund. The address of the Fund Manager is as follows:

Al Rajhi Capital, Head Office
8467 King Fahad Road, Al Muruj District
P.O. Box 2743
Riyadh 11263
Kingdom of Saudi Arabia

The fund aims to encourage voluntary community participation in supporting non-profit development investment and effective contribution under the concept of social solidarity to participate in supporting Takaful around the Kingdom of Saudi Arabia to develop and invest its assets in the fund for the purpose of enhancing their value and developing their capital, which will benefit the programs of the Takaful Charity Association for the care of Orphans and their Mothers, which include health, social, educational, empowerment, cultural and recreational support, and housing support. The Fund will distribute to the "Charity Association for Orphan Care in Madinah" in the amount of not less than 50% of net profits annually (from distributed profits and / or capital gains).

The Fund was established on 28 Rabi Al-Akhar 1445H (corresponding to 12 November 2023) as per notification to the Capital Market Authority (CMA) and commenced its operations on 25 Jumada Al-Akhirah 1445H (corresponding to 07 January 2024). Therefore, these financial statements are prepared from 07 January 2024 (date of commencement of operations) to 30 June 2024 and accordingly no comparatives have been presented.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

The Fund has appointed Al Bilad Investment Company (the "Custodian") to act as its custodian.

- b) The Fund is governed by the 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). The Regulation was further amended (the "Amended Regulations") on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

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 CMA and the Fund's terms and conditions.

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3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for investments held at FVTPL that were measured at fair value.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the condensed interim statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These condensed financial statements are presented in Saudi Arabian Riyal (“SAR”), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest SAR.

5. USE OF ESTIMATES AND JUDGEMENTS

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. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Fund in preparing its financial statements.

A. Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks, cash held with broker in trading account and with custodian in investment account.

B. Financial assets and liabilities

Recognition and initial measurement

Financial assets and liabilities at Fair value through Profit and loss (“FVTPL”) are initially recognised at trade date, which is the date on which the Fund becomes party to the contractual provisions of the instruments. Other financial assets and liabilities are recognised on the date on which they are originated.

Financial assets at FVTPL are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets not at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or FVTPL.

A financial asset is measured at amortised 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.

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6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

Classification of financial assets (continued)

A debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

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

As at 30 June 2024, the Fund's financial assets are cash and cash equivalent, investments measured at FVTPL, accrued special commission income and dividend receivable.

Business model assessment

The Fund makes an assessment of 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 the information is provided to the Fund Manager.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because 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.

Reclassification

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

Classification of financial liabilities

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

Derecognition

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial 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 it does not retain control of the financial asset.

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6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

Derecognition (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Transactions in which the Fund 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 portion of them, the transferred assets are not derecognized. Transfer of assets with retention of all or substantially all of the risk and rewards include sale and repurchase transactions.

Transactions in which the Fund neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The Fund derecognises a financial liability when its contractual obligations are either discharged or cancelled or expired.

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 currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

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 principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price 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 at a mid price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise 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 recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 12.

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6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

C. Subscription and redemption on units

Units subscribed and redeemed are recorded at net asset (equity) value per unit on the Valuation Day for which the subscription request and redemption applications are received.

Redeemable units

Redeemable units are as equity instruments as they meet certain criteria. Those criteria include:

- the redeemable units must entitle the holder to a pro-rata share of net assets;
- the redeemable units must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the redeemable units over its life must be based substantially on the profit or loss of the issuer.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

D. Net assets value per unit

The net asset value per unit as disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units outstanding at period end.

E. Revenue recognition

Net gain or loss on financial assets and liabilities at FVTPL

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Special commission income

Special commission income including special commission income from non-derivative financial assets measured at amortised cost, are recognized in the statement of comprehensive income, using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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(Amounts in SAR)

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

E. Revenue recognition (continued)

Dividend income

Dividend income is recognised in the statement of comprehensive income on the date on which the right to receive the payment for dividend 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 designated as at FVTPL is recognised in the statement of comprehensive income in a separate line item.

F. Fee and other expenses

These are measured and recognized as expenses on an accrual basis in the period in which they are incurred.

G. Provisions

Provisions are recognized whenever there is a 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.

H. New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective up to the date of issuance of the Fund's condensed interim financial statements. The Fund intends to adopt these standards when they become effective.

<u>Standards / Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sales or contribution of assets between investors and its associates or joint venture	Available for optional adoption / effective date deferred indefinitely

The Fund Manager anticipates that the application of these new standards and amendments in the future will not have any significant impact on the amounts reported.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of bank balances with Al Rajhi Banking and Investment Corporation (the "Bank"), the parent entity of the Fund Manager.

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An open-ended mutual fund
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For the period from 07 January 2024 to 30 June 2024
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8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investments at FVTPL comprise the following investments as at the reporting date:

	30 June 2024 (Unaudited)			
	Cost	Fair value	% of Fair value	Unrealised loss
<u>Investments:</u>				
Units of mutual funds (Note 8.1)	13,759,448	13,263,971	45.26	(495,477)
Equity securities (Note 8.2)	9,367,939	8,544,816	29.15	(823,123)
Sukuk (Note 8.3)	7,500,000	7,500,000	25.59	-
Total	30,627,387	29,308,787	100.00	(1,318,600)

8.1 The composition of the Fund's investment portfolio in the units of mutual funds is as follows:

<u>Name of Funds</u>	30 June 2024 (Unaudited)			
	Cost	Fair value	% of Fair value	Unrealised gain / (loss)
Al Rajhi Real Estate Monthly Distributions Fund*	2,920,102	2,955,106	22.28	35,004
Al Rajhi Monthly Distribution Fund 2*	2,808,587	2,572,678	19.40	(235,909)
Al Rajhi Private Fund 5*	2,135,000	2,154,130	16.24	19,130
Alra'idah Financing Fund	1,478,000	1,481,386	11.17	3,386
Al Rajhi Awaheed Fund*	1,275,000	1,278,479	9.64	3,479
AL Maather REIT Fund	1,218,710	1,139,424	8.59	(79,286)
SEDCO Capital REIT Fund	860,379	742,293	5.60	(118,086)
Jadwa REIT Saudi Fund	603,255	501,113	3.78	(102,142)
Bonyan REIT Fund	460,415	439,362	3.30	(21,053)
Total	13,759,448	13,263,971	100.00	(495,477)

* A fund managed by the Fund Manager.

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8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

8.2 The composition of the Fund's equity securities investments portfolio listed on the Saudi Stock Exchange ("Tadawul") by industry sector is as follows:

	30 June 2024 (Unaudited)			
	Cost	Fair value	% of Fair value	Unrealised gain / (loss)
<u>Investments (by sectors)</u>				
Energy	2,118,159	2,100,870	24.59	(17,289)
Financial Services	2,282,803	2,049,068	23.98	(233,735)
Materials	1,492,129	1,286,220	15.05	(205,909)
Healthcare	1,416,725	1,261,720	14.77	(155,005)
Telecommunication Services	990,432	918,210	10.75	(72,222)
Information Technology	1,020,422	877,728	10.26	(142,694)
Industrial	47,269	51,000	0.60	3,731
Total	9,367,939	8,544,816	100.00	(823,123)

8.3 The composition of investment in Sukuk is as follows:

<u>Description</u>	<u>Maturity date</u>	<u>Fair value as at 30 June 2024</u>
Riyad Bank Tier 1 Sukuk 2022	15-Mar-25	3,750,000
RHC Sukuk 03/15/2025 Series 3	5-Oct-27	3,750,000
		7,500,000

These carry profit rate ranging from 5.25% to 7.65% per annum.

9. RELATED PARTY TRANSACTIONS AND BALANCES

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

The Fund does not charge any subscription fee on subscription of units and redemption fee on redemption of units. Other expenses paid by the Fund Manager on the behalf of the Fund are recharged to the Fund as they are incurred as per constituting documents of the Fund.

In addition to transactions disclosed elsewhere in these financial statements, transactions with related parties for the period ended from 07 January 2024 to 30 June and related balances as at 30 June 2024 are as follows:

<u>Related party</u>	<u>Nature of transaction / balance</u>	<u>Transactions for the period from 07 January 2024 to 30 June 2024</u>
Al Rajhi Capital Company – Fund Manager	Management fee	46,562
The Fund Board	Fund Board fee to members of the Board	14,624

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9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Related party	Nature of transaction / balance	Balance as at 30 June 2024
Al Rajhi Capital Company – Fund Manager	Management fee payable	<u><u>46,564</u></u>
The Fund Board	Fund Board fee payable to members of the Board	<u><u>14,624</u></u>

The units in issue as at 30 June 2024 include 01 unit held by the employee of the Fund Manager.

10. ACCRUED EXPENSES

	30 June 2024
Accrued professional fee	17,108
Other accrued expenses	<u>43,620</u>
	<u><u>60,728</u></u>

11. OTHER EXPENSES

	For the period from 07 January 2024 to 30 June 2024
Audit fees	17,108
Benchmark fees	14,572
Others	<u>31,150</u>
	<u><u>62,830</u></u>

12. 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.

Valuation models

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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12. FAIR VALUE MEASUREMENT (CONTINUED)

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 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 determined fair value of securities that are traded on stock exchange at their last reported prices. To the extent that securities are actively traded and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy. Therefore, the Fund's investment in listed securities have been categorized in level 1 of the fair value hierarchy.

The Fund determined fair value of investments in open-ended mutual funds measured at FVTPL using unadjusted net assets value. Therefore, the Fund classified them as level 2 of the fair value hierarchy.

Fair value hierarchy – Financial instruments measured at fair value

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

	30 June 2024 (Unaudited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments at FVTPL	29,308,787	18,867,008	10,441,779	--	29,308,787
Total	29,308,787	18,867,008	10,441,779	--	29,308,787

During the period, there were no transfer between the fair value hierarchy.

Other financial instruments such as cash and cash equivalents, dividend receivable, accrued special commission income, payable to custodian, management fee payable and accrued expenses are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value, because of the short-term nature and high credit quality of counterparties. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3.

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13. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows an analysis of assets and liability according to when they are expected to be recovered or settled respectively:

	Within 12 months	After 12 months	Total
As at 30 June 2024 (Unaudited)			
Assets			
Cash and cash equivalents	38,797	--	38,797
Investments	29,308,787	--	29,308,787
Accrued special commission income	60,328	--	60,328
Dividend receivable	20,266	--	20,266
Total assets	29,428,178	--	29,428,178
Liability			
Payable to custodian	94,805	--	94,805
Management fee payable	46,564	--	46,564
Accrued expenses	60,728	--	60,728
Total Liabilities	202,097	--	202,097

14. LAST VALUATION DAY

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

16. EVENTS OCCURRING AFTER REPORTING DATE

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

17. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund's Board of Directors on 03 Safar 1446H (corresponding to 07 August 2024).