

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 2023
together with the
Independent Auditor's Review Report to the Unitholders

NAFAQAH WAQF FUND
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(MANAGED BY JADWA INVESTMENT COMPANY)
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2023

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KPMG Professional Services

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

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، 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 Nafaqah Waqf Fund

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of **Nafaqah Waqf Fund** (the "Fund"), managed by Jadwa Investment Company (the "Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of comprehensive income for the six-month period ended 30 June 2023;
- the condensed statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2023;
- the condensed statement of cash flows for the six-month period ended 30 June 2023; 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 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 2023 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: 23 Muharram 1445H
Corresponding to: 10 August 2023

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Commercial Registration of the headquarters in Riyadh is 1010425494.

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	7	27,342	158,583
Investments	8	28,669,321	23,650,990
Total assets		28,696,663	23,809,573
LIABILITIES			
Management fee payable	<i>1(c), 10</i>	15,164	31,042
Fund Board fee payable	<i>10</i>	39,934	32,000
Accrued expense and other payable		35,991	43,409
Total liabilities		91,089	106,451
Net assets (equity) attributable to the Unitholders (SAR)		28,605,574	23,703,122
Units in issuance (numbers)		2,422,976.39	2,177,429.85
Net assets (equity) attributable to each unit (SAR)		11.8060	10.8858

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

NAFAQAH WAQF FUND
 An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	For the six-month period ended	
		30 June	
		<u>2023</u>	<u>2022</u>
Gain / (loss) on investments, net	9	<u>2,226,122</u>	<u>(641,050)</u>
Total income / (loss)		<u>2,226,122</u>	<u>(641,050)</u>
Management fee	10	(15,164)	(4,216)
Fund Board fee	10	(7,934)	(7,452)
Other operating expenses		<u>(32,572)</u>	<u>(29,529)</u>
Total operating expenses		<u>(55,670)</u>	<u>(41,197)</u>
Net income / (loss) for the period		<u>2,170,452</u>	<u>(682,247)</u>
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		<u>2,170,452</u>	<u>(682,247)</u>

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

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE
TO THE UNITHOLDERS (UNAUDITED)
For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

	For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>
Net assets (equity) attributable to the Unitholders at beginning of the period	23,703,122	16,734,936
Net income / (loss) for the period	2,170,452	(682,247)
Proceeds from issuance of units	2,732,000	2,023,765
Net assets (equity) attributable to the Unitholders at end of the period	28,605,574	18,076,454
	For the six-month period ended 30 June	
Unit transactions (numbers)	<u>2023</u>	<u>2022</u>
Unit issue at beginning of the period	2,177,429.85	1,481,526.45
Issuance of units during the period	245,546.54	174,607.00
Unit in issuance at end of the period	2,422,976.39	1,656,133.45

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NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	For the six-month period ended	
		30 June	
		<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Net income / (loss) for the period		2,170,452	(682,247)
<i>Adjustments for:</i>			
(Gain) / loss on investments, net	9	<u>(2,226,122)</u>	641,050
		(55,670)	(41,197)
Net changes in operating assets and liabilities			
Purchase of investments		(4,432,393)	(6,135,052)
Proceeds from sale of investments		1,640,184	3,547,815
(Decrease) / increase in management fee payable		(15,878)	4,216
Increase in Fund Board fee payable		7,934	7,452
Decrease in accrued expenses and other liabilities		<u>(7,418)</u>	<u>(17,012)</u>
Net cash flows used in operating activities		<u>(2,863,241)</u>	<u>(2,633,778)</u>
Cash flows from financing activities			
Proceeds from issuance of units		<u>2,732,000</u>	2,023,765
Net cash generated from financing activities		<u>2,732,000</u>	<u>2,023,765</u>
Net decrease in cash and cash equivalents		(131,241)	(610,013)
Cash and cash equivalents at the beginning of the period	7	158,583	612,459
Cash and cash equivalents at the end of the period	7	<u>27,342</u>	<u>2,446</u>

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

NAFAQAH WAQF FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

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”) and the Fund’s terms and conditions.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Fund’s annual audited financial statements for the year ended 31 December 2022.

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 condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2022.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

6. SIGNIFICANT ACCOUNTING POLICIES

a) New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2023 and accordingly adopted by the Fund, as applicable:

<u>Standards / Amendments</u>	<u>Description</u>
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to IFRS 17	Insurance Contracts

The adoption of the amended standards and interpretations applicable to the Fund did not have any significant impact on these condensed interim financial statements.

b) 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 1	Classification of liabilities as current or non-current and non-current liabilities with covenant	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	1 January 2024

7. CASH AND CASH EQUIVALENTS

These comprise of balances held with local banks having sound credit rating.

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For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

8. INVESTMENTS

This represents investment classified at FVTPL in mutual funds.

<u>Investment Funds</u>	30 June 2023 (Unaudited)		
	<u>Cost</u>	<u>Fair value</u>	<u>% of fair value</u>
Jadwa Saudi Equity Fund - Class B*	8,348,171	10,947,843	38.19
Jadwa Global Sukuk Fund - Class B*	5,066,863	4,928,941	17.19
Aljazira Sukuk Fund - Class B	5,044,817	4,913,263	17.14
Jadwa International Multi-Manager Absolute Return Fund 2- Class A*	1,452,552	1,450,731	5.06
Jadwa International Multi-manager Real Assets Fund 2- Class A*	1,442,872	1,441,048	5.03
Jadwa International Multi-manager Real Assets Fund - Class A*	1,358,600	1,370,185	4.78
Jadwa International Multi-Manager Absolute Return Fund - Class A*	1,358,600	1,360,350	4.74
Jadwa International Multi-manager Private Equity Fund - Class A*	1,012,879	1,022,083	3.57
Jadwa Saudi Riyal Murabaha Fund - Class B*	834,685	853,648	2.98
Jadwa International Multi-manager Private Equity Fund 2 - Class A*	381,062	381,229	1.32
Total	26,301,101	28,669,321	100.00

<u>Investment Funds</u>	31 December 2022 (Audited)		
	<u>Cost</u>	<u>Fair value</u>	<u>% of fair value</u>
Jadwa Saudi Equity Fund - Class B*	8,052,213	8,720,881	36.87
Jadwa Global Sukuk Fund - Class B*	4,373,030	4,176,837	17.66
Aljazira Sukuk Fund	4,318,138	4,103,060	17.35
Jadwa International Multi-manager Real Assets Fund -Class A*	1,358,600	1,372,852	5.80
Jadwa International Multi-manager Absolute Return Fund - Class A*	1,358,600	1,362,998	5.76
Jadwa International Multi-manager Private Equity Fund- Class A*	1,012,879	1,024,073	4.33
Jadwa International Multi-manager Absolute Return Fund 2- Class A*	977,080	977,080	4.13
Jadwa International Multi-manager Real Assets Fund 2- Class A*	977,080	977,080	4.13
Jadwa Saudi Riyal Murabaha Fund - Class B*	926,804	936,129	3.96
Total	23,354,424	23,650,990	100.00

* A fund managed by the Fund Manager.

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For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

9. GAIN / (LOSS) ON INVESTMENTS, NET

	For the six-month period ended	
	30 June	
	<u>2023</u>	<u>2022</u>
Unrealized gain / (loss), net	2,071,654	(654,906)
Realized gain, net	154,468	13,856
	2,226,122	(641,050)

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

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.

Related party	Nature of relationship	Nature of transaction	For the six-month period ended 30 June	
			<u>2023</u>	<u>2022</u>
Jadwa Investment Company	The Fund Manager	Management fee	15,164	4,216
The Fund Board	The Fund Board	The Fund Board fee	7,934	7,452

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

Related party	Nature of relationship	Nature of balance	30 June	31 December
			2023	2022
			(Unaudited)	(Audited)
Jadwa Investment Company	The Fund Manager	Management fee payable	15,164	31,042
The Fund Board	The Fund Board	Fund Board fee payable to members of the Board	39,934	32,000

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(Amounts in Saudi Arabian Riyals)

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

<u>Financial assets at fair value</u>	<u>Carrying amount</u>	30 June 2023 (Unaudited)			
		<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>28,669,321</u>	<u>-</u>	<u>28,669,321</u>	<u>-</u>	<u>28,669,321</u>
		31 December 2022 (Audited)			
		<u>Fair value</u>			
<u>Financial assets at fair value</u>	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>23,650,990</u>	<u>-</u>	<u>23,650,990</u>	<u>-</u>	<u>23,650,990</u>

For the period / year ended 30 June 2023 and 31 December 2022, there were no transfers between levels.

The fund has classified cash and cash equivalents as level 1 as per the fair value hierarchy. For financial assets and liabilities carried at amortized cost, their carrying values are a reasonable approximation of fair value and are classified as level 3.

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For the six-month period ended 30 June 2023
(Amounts in Saudi Arabian Riyals)

12. 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 2023 (2022: 31 December 2022).

13. 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.

14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorized for issue by the Fund Board on 23 Muharram 1445H (corresponding to 10 August 2023).