

JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2022
together with the
Independent Auditor's Review Report to the Unitholders

JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2022

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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 Jadwa Saudi Riyal Murabaha Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **Jadwa Saudi Riyal Murabaha Fund** (the "Fund"), managed by Jadwa Investment Company (the "Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2022;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2022;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2022;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2022; and
- the notes to the condensed interim financial statements.

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2022 condensed interim financial statements of **Jadwa Saudi Riyal Murabaha 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: 20 Muharram 1444H
Corresponding to: 18 August 2022

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كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مطوق بالكامل، المسماة سابقاً "شركة كي بي إم جي القوزان وشركاه محاسبون ومراجعون قانونيون"، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.

JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2022
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	30 June 2022	31 December 2021
		(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents	7	93,914,519	22,668,365
Investments	8	1,480,152,519	982,203,941
Accrued commission income		260,498	343,363
Total assets		<u>1,574,327,536</u>	<u>1,005,215,669</u>
LIABILITIES			
Management fee payable	<i>1(c), 9</i>	293,689	493,922
Accrued expenses and other liabilities		152,298	298,371
Total liabilities		<u>445,987</u>	<u>792,293</u>
Net assets (equity) attributable to the Unitholders (SAR)		<u>1,573,881,549</u>	<u>1,004,423,376</u>
Units in issuance: (numbers)			
Class A		<u>13,683,623.58</u>	<u>7,932,491.25</u>
Class B		<u>1,208,697.19</u>	<u>1,260,675.77</u>
Class C		<u>364,050.01</u>	<u>983,598.94</u>
Net assets (equity) attributable to each unit			
Class A (SAR)		<u>103.2138</u>	<u>102.5839</u>
Class B (SAR)		<u>122.0409</u>	<u>121.3476</u>
Class C (SAR)		<u>10.2727</u>	<u>10.2082</u>

The accompanying notes (1) to (13) form an integral part of these condensed interim financial statements.

JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	For the six-month period ended 30 June	
		<u>2022</u>	<u>2021</u>
Gain on investments, net	8	4,345,238	2,511,755
Special commission income		<u>7,041,754</u>	<u>5,310,299</u>
Total revenue		<u>11,386,992</u>	<u>7,822,054</u>
Management fee	1(c), 9	(1,153,226)	(813,873)
Other operating expenses		(658,379)	(476,653)
Foreign exchange loss		(382,592)	(212,315)
Fund Board fee	9	(7,935)	(7,935)
Total operating expenses		<u>(2,202,132)</u>	<u>(1,510,776)</u>
Net profit for the period		<u>9,184,860</u>	<u>6,311,278</u>
Other comprehensive income for the period		--	--
Total comprehensive income for the period		<u>9,184,860</u>	<u>6,311,278</u>

The accompanying notes (1) to (13) form an integral part of these condensed interim financial statements.

JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

	For the six-month period ended 30 June	
	2022	2021
Net assets (equity) attributable to the Unitholders at beginning of the period	1,004,423,376	1,070,496,169
Net profit for the period	9,184,860	6,311,278
<i>Contributions and redemptions by the Unitholders</i>		
Proceeds from issuance of units		
Class A	1,393,554,683	194,294,799
Class B	98,971,974	79,042,584
Class C	1,256,631	99,592,456
	1,493,783,288	372,929,839
Payments made against redemption of units		
Class A	(810,732,424)	(289,550,216)
Class B	(97,684,727)	(49,236,894)
Class C	(25,092,824)	(24,920,165)
	(933,509,975)	(363,707,275)
Net contributions the Unitholders	560,273,313	9,222,564
Net assets (equity) attributable to the Unitholders	1,573,881,549	1,086,030,011

The accompanying notes (1) to (13) form an integral part of these condensed interim financial statements.

JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

Units transactions <i>(numbers)</i>	For the six-month period ended 30 June							
	2022				2021			
	Class A	Class B	Class C	Total	Class A	Class B	Class C	Total
Units in issuance								
Units in issuance at the beginning of the period	7,932,491.25	1,260,675.77	983,598.94	10,176,765.96	8,970,488.92	826,297.63	1,636,137.32	11,432,923.87
Units issued	13,629,979.81	816,912.78	32,613.04	14,479,505.63	1,910,415.70	656,909.75	2,613,536.57	5,180,862.02
Units redeemed	(7,878,847.48)	(868,891.36)	(652,161.97)	(9,399,900.81)	(2,848,099.19)	(408,884.94)	(656,491.13)	(3,913,475.26)
Units in issuance at end of the period	<u>13,683,623.58</u>	<u>1,208,697.19</u>	<u>364,050.01</u>	<u>15,256,370.78</u>	<u>8,032,805.43</u>	<u>1,074,322.44</u>	<u>3,593,182.76</u>	<u>12,700,310.63</u>

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JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

	For the six-month period ended	
	30 June	
<i>Note</i>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net profit for the period	9,184,860	6,311,278
<i>Adjustments for:</i>		
Gain on investments, net	(4,345,238)	(2,511,755)
Special commission income	(7,124,619)	(5,310,299)
	<u>(2,284,997)</u>	<u>(1,510,776)</u>
Net changes in operating assets and liabilities		
Purchase of investments at amortized cost	(810,831,670)	(297,929,248)
Proceeds from maturity of investments at amortized cost	597,452,355	242,384,777
Purchase of investments held as FVTPL	(433,083,344)	(179,347,201)
Proceeds from sale of investments held as FVTPL	152,942,184	143,818,069
Management fee payable	(200,233)	(29,421)
Accrued expenses and other liabilities	(146,073)	(15,264)
Cash used in operations	<u>(496,151,778)</u>	<u>(92,629,064)</u>
Special commission income received	7,124,619	4,012,011
Net cash used in operating activities	<u>(489,027,159)</u>	<u>(88,617,053)</u>
Cash flows from financing activities		
Proceeds from issuance of units	1,493,783,288	372,929,839
Payments made against redemption of the units	(933,509,975)	(363,707,275)
Net cash generated from financing activities	<u>560,273,313</u>	<u>9,222,564</u>
Net increase / (decrease) in cash and cash equivalents	71,246,154	(79,394,489)
Cash and cash equivalents at beginning of the period	22,668,365	139,141,073
Cash and cash equivalents at the end of period	7 <u><u>93,914,519</u></u>	<u><u>59,746,584</u></u>

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JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

- a) Jadwa Saudi Riyal Murabaha Fund (the “Fund”) is a trade transactions fund established and managed as per terms and conditions between Jadwa Investment Company (the “Fund Manager”) and the Fund investors (the “Unitholders”). The Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter number 443 dated Jumad Awal 9, 1428H (corresponding to 26 May 2007).

The Fund aims to generate market returns from investments in Sukuk, other funds and short-term Murabaha and Wakala based trade transactions that are compliant with Shariah standards approved by the Fund Manager’s Shariah Committee.

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.

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 commenced its operations on 31 December 2007.

- b) 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 of the Fund is Jadwa Investment Company and administrator and custodian of the Fund is HSBC Saudi Arabia.
- c) The Fund Manager charges the Fund a management fee of 10%, 15%, and 15% of the net appreciation with a maximum cap of annualized 0.50%, 0.75% , and 0.75% of the Fund’s asset under management of value of Class A, Class B and Class C units respectively on each valuation day.

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.

2. BASIS OF ACCOUNTING

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

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 2021.

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

3. BASIS OF MEASUREMENT (CONTINUED)

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 2021. A number of new standards are effective from 1 January 2022, but they do not have a material effect on the Fund’s financial statements.

A number of new standards and amendments to standards have been issued but not yet effective for annual periods beginning on 1 January 2022 and earlier application is permitted; however, the Fund has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements.

7. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Cash at bank	43,868,656	22,668,365
Murabaha placements with an original maturity of three months or less	50,045,863	--
Total	93,914,519	22,668,365

8. INVESTMENTS

	<i>Notes</i>	30 June 2022	31 December 2021
Amortized cost:			
- Murabaha placements with original maturity of more than three months	8.1	725,049,005	419,301,116
- Wakala placements	8.1	6,216,048	98,752,463
		731,265,053	518,053,579
FVTPL:			
- Sukuk	8.2	16,216,016	29,715,312
- Units of open-ended mutual funds	8.3	732,671,450	434,435,050
		748,887,466	464,150,362
Total		1,480,152,519	982,203,941

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

8. INVESTMENTS (CONTINUED)

8.1 This represents Murabaha and Wakala placements with a GCC banks having credit ratings. These placements have original maturities of more than three months and carry an annual profit rate ranging from 1.08% to 3.43% (31 December 2021: 1.00% to 2.55%). As at 30 June 2022, these placements included an accrued profit of SAR 4.84 million (31 December 2021: SAR 4.52 million).

8.2 The Fund's investments in sukuk are as follow:

	30 June 2022		31 December 2021	
	Fair value	%	Fair value	%
Dubai Department of Finance Sukuk	16,216,016	100.00	16,670,867	56.10
Qatar Islamic Bank	--	--	10,408,493	35.03
Dubai Islamic bank	--	--	2,635,952	8.87
Total	16,216,016	100.00	29,715,312	100.00

8.3 The Fund's investments in open-ended mutual funds are as follows:

<u>Name of investments in mutual funds</u>	30 June 2022		
	Cost	Fair value	% of fair value to total fund investments
Alpha Murabaha Fund	321,823,507	326,389,617	44.55
Riyad SAR Diversified Trade Fund	281,601,483	285,275,104	38.94
Al Rajhi Commodity Fund- SAR	100,184,569	100,645,861	13.74
Riyad USD Diversified Trade Fund	20,054,794	20,360,868	2.77
Total	723,664,353	732,671,450	100.00
	31 December 2021		
<u>Name of investments in mutual funds</u>	Cost	Fair value	% of fair value to total fund investments
Alpha Murabaha Fund	202,763,499	205,567,027	47.32
Riyad SAR Diversified Trade Fund	171,993,328	173,632,029	39.97
Al Rajhi Commodity Fund - SAR	35,000,000	35,011,029	8.05
Riyad USD Diversified Trade Fund	20,054,794	20,224,965	4.66
Total	429,811,621	434,435,050	100.00

8.4 Below are the details of gain on investments during the period ended 30 June:

	<u>2022</u>	<u>2021</u>
Realized gain on investments at FVTPL, net	554,335	822,436
Unrealized gain on investments at FVTPL, net	3,790,903	1,689,319
	4,345,238	2,511,755

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

9. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Fund Manager, 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 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.

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>For the six-month period ended 30 June</u>	
			<u>2022</u>	<u>2021</u>
Jadwa Investment Company	The Fund Manager	Management fee	<u>1,153,226</u>	<u>813,873</u>
The Fund Board	The Fund Board	The Fund Board fee (independent member)	<u>7,935</u>	<u>7,935</u>

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

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balance</u>	<u>30 June</u>	<u>31 December</u>
			<u>2022</u>	<u>2021</u>
			(Unaudited)	(Audited)
Jadwa Investment Company	The Fund Manager	Management fee payable	<u>293,689</u>	<u>493,922</u>

The transactions and balances of units held by the Fund Manager and certain Funds managed by the Fund Manager are as follows:

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transactions For the period ended 30 June</u>		<u>Balances as at</u>	
		<u>2022</u>	<u>2021</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Jadwa Investment Fund 20	Subscription of units	--	2,700,000		
	Redemption of units	<u>--</u>	<u>--</u>	<u>24,211,560</u>	<u>24,063,801</u>
Jadwa Investment Fund 12	Subscription of units	--	--		
	Redemption of units	<u>--</u>	<u>--</u>	<u>27,029,189</u>	<u>26,864,233</u>
Jadwa International Income Fund	Subscription of units	--	96,194,159		
	Redemption of units	<u>4,984,150</u>	<u>11,312,838</u>	<u>--</u>	<u>4,979,630</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party	Nature of transaction	Amount of transactions		Balances as at	
		For the period ended 30 June		30 June	31 December
		2022	2021	2022	2021
Jadwa International PE Fund LP	Subscription of units	--	1,566,659		
	Redemption of units	<u>20,097,016</u>	<u>11,875,052</u>	<u>11,020,196</u>	<u>30,978,784</u>
Zood Investment Fund	Subscription of units	<u>45,000,000</u>	--		
	Redemption of units	<u>30,000,000</u>	<u>92,323,147</u>	<u>15,063,561</u>	--
Jadwa REIT Al Haramain Fund	Subscription of units	--			
	Redemption of units	<u>1,500,000</u>	<u>800,000</u>	<u>4,874,919</u>	<u>6,346,671</u>
Jadwa Private Real Estate Investment Fund 5	Subscription of units	<u>170,000,000</u>	--		
	Redemption of units	<u>110,000,000</u>	--	<u>21,381,874</u>	<u>100,282,018</u>
Nafaqah Waqf Fund	Subscription of units	--	2,481,024		
	Redemption of units	<u>3,547,816</u>	<u>7,000</u>	<u>465,684</u>	<u>4,003,821</u>
Real Estate Investment Fund	Subscription of units	<u>170,000,000</u>	--		
	Redemption of units	<u>10,000,000</u>	<u>60,000,000</u>	<u>221,716,080</u>	<u>60,421,604</u>
Al Dar Investment Fund	Subscription of units	<u>20,163,706</u>	--		
	Redemption of units	<u>20,163,706</u>	--	<u>20,194,278</u>	<u>20,136,937</u>
Jadwa REIT Saudi	Subscription of units	<u>37,000,000</u>	--		
	Redemption of units	<u>22,500,000</u>	<u>14,123,488</u>	<u>14,632,934</u>	--

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyals)

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party	Nature of transaction	Amount of transactions		Balances as at	
		For the period ended 30 June		30 June	31 December
		2022	2021	2022	2021
Jadwa Private Real Estate Investment Fund 15	Subscription of units	40,000,000	--		
	Redemption of units	<u>10,000,000</u>	<u>--</u>	<u>30,071,925</u>	<u>--</u>
Jadwa Private Real Estate Fund Eleven	Subscription of units	15,000,000	--		
	Redemption of units	<u>--</u>	<u>--</u>	<u>15,022,414</u>	<u>--</u>
Jadwa Conservative Fund For Social Development	Subscription of units	1,500,000	--		
	Redemption of units	<u>--</u>	<u>--</u>	<u>1,502,154</u>	<u>--</u>
Aldar Investment Fund 2	Subscription of units	60,000,000	--		
	Redemption of units	<u>--</u>	<u>--</u>	<u>60,089,657</u>	<u>--</u>
Liwan Investment Fund 1	Subscription of units	32,650,000	--		
	Redemption of units	<u>--</u>	<u>--</u>	<u>32,794,793</u>	<u>--</u>

10. LAST VALUATION DAY

The Fund's units are valued on every business days 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 2022 (2021: 31 December 2021).

11. FAIR VALUE MEASUREMENT

Fair value measurement

The Fund measures certain financial instruments at fair value at each statement of financial position date.

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.

JADWA SAUDI RIYAL MURABAHA FUND
An open-ended mutual fund
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11. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value measurement (continued)

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.

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in assumptions about these factors could affect the fair value of financial instruments.

Valuation models

The Fund values investments in the unlisted open-ended mutual fund is determined using unadjusted net assets (equity) value (Level 2 valuation). The unadjusted net assets (equity) value is used when the units in a fund are redeemable at the reportable net assets (equity) value at, or appropriately at, the measurement date.

The Fund calculates fair values of sukuk that are actively traded on debt markets at their average of last reported bid and ask prices. To the extent that sukuk securities are actively traded and valuation adjustment are not applied, they are categorized in Level 1 of their fair value hierarchy.

Fair value hierarchy

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.

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

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11. FAIR VALUE MEASUREMENT (CONTINUED)

Carrying amounts and fair value (continued)

Financial assets at fair value	Carrying amount	30 June 2022 (Unaudited)			
		Fair value			
		Level 1	Level 2	Level 3	Total
<i>Investments</i>					
Sukuk	16,216,016	16,216,016	--	--	16,216,016
Units of open-ended mutual funds	732,671,450	--	732,671,450	--	732,671,450
	748,887,466	16,216,016	732,671,450	--	748,887,466
		31 December 2021 (Audited)			
		Fair value			
		Level 1	Level 2	Level 3	Total
<i>Investments</i>					
Sukuk	29,715,312	29,715,312	--	--	29,715,312
Units of open-ended mutual funds	434,435,050	--	434,435,050	--	434,435,050
	464,150,362	29,715,312	434,435,050	--	464,150,362

For the period / year ended 30 June 2022 and 31 December 2021 respectively, 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.

12. 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.

13. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorized for issue by the Fund Bored on 20 Muharram 1444H (corresponding to 21 August 2022).