

**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 2022  
together with the  
**Independent Auditor's Review Report to the Unitholders**

**NAFAQAH WAQF FUND**  
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## KPMG Professional Services

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## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
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 2022 condensed interim financial statements of **Nafaqah Waqf Fund** (the "Fund"), managed by Jadwa Investment Company (the "Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 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 **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: 20 Muharram 1444H  
Corresponding to: 18 August 2022

**NAFAQAH WAQF 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>	<b>30 June 2022</b> <b>(Unaudited)</b>	31 December 2021 <b>(Audited)</b>
<b>ASSETS</b>			
Cash and cash equivalents	7	2,446	612,459
Investments	8	<b>18,132,073</b>	16,185,886
<b>Total assets</b>		<b><u>18,134,519</u></b>	<b><u>16,798,345</u></b>
<b>LIABILITIES</b>			
Management fee payable	<i>1(c), 10</i>	4,636	420
Accrued expense and other payable		29,977	46,989
Fund board fee payable		<b>23,452</b>	16,000
<b>Total liabilities</b>		<b><u>58,065</u></b>	<b><u>63,409</u></b>
<b>Net assets (equity) attributable to the Unitholders (SAR)</b>		<b><u>18,076,454</u></b>	<b><u>16,734,936</u></b>
<b>Units in issuance (numbers)</b>		<b><u>1,656,133.41</u></b>	<b><u>1,481,526.45</u></b>
<b>Net assets (equity) attributable to each unit (SAR)</b>		<b><u>10.9149</u></b>	<b><u>11.2957</u></b>

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

**NAFAQAH WAQF FUND**  
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**(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>	<b>For the six- month period ended 30 June 2022</b>	For the period from 20 January 2021 to 30 June 2021
(Loss) / gain on investments, net	9	<b>(641,050)</b>	1,084,813
<b>Total revenue</b>		<b>(641,050)</b>	1,084,813
Management fee	10	<b>(4,216)</b>	(49)
Other operating expenses		<b>(29,529)</b>	(26,935)
Fund board fee	10	<b>(7,452)</b>	(7,492)
<b>Total operating expenses</b>		<b>(41,197)</b>	(34,476)
<b>Net (loss) / profit for the period</b>		<b>(682,247)</b>	1,050,337
Other comprehensive income for the period		--	--
<b>Total comprehensive income for the period</b>		<b>(682,247)</b>	1,050,337

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

**NAFAQAH WAQF FUND**  
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**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)*

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	<b>For the six-month period ended 30 June 2022</b>	For the period from 20 January 2021 to 30 June 2021
<b>Net assets (equity) attributable to the Unitholders at beginning of the period</b>	<b>16,734,936</b>	--
Net (loss) / profit for the period	<b>(682,247)</b>	1,050,337
Proceeds from issuance of units	<b>2,023,765</b>	10,787,063
<b>Net assets (equity) attributable to the Unitholders</b>	<b><u>18,076,454</u></b>	<b><u>11,837,400</u></b>
	<b>For the six-month period ended 30 June 2022</b>	For the period from 20 January 2021 to 30 June 2021
<b>Units in issuance (numbers)</b>		
Unit issue at the beginning of the period	<b>1,481,526</b>	--
Unit issued during the year	<b>174,607</b>	1,076,770
<b>Unit in issuance at the end of the period</b>	<b><u>1,656,133</u></b>	<b><u>1,076,770</u></b>

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 INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For the six-month period ended 30 June 2022**  
*(Amounts in Saudi Arabian Riyals)*

	<i>Notes</i>	<b>For the six-month period ended 30 June 2022</b>	For the period from 20 January 2021 to 30 June 2021
<b>Cash flows from operating activities</b>			
Net (loss) / profit for the period		<b>(682,247)</b>	1,050,337
<i>Adjustments for:</i>			
(Loss) / gain from investments, net	9	<b>641,050</b>	(1,084,813)
		<b>(41,197)</b>	(34,476)
<b>Net changes in operating assets and liabilities</b>			
Purchase of investments		<b>(6,135,052)</b>	(10,785,794)
Proceeds from sale of investments		<b>3,547,815</b>	7,000
Management fee payable		<b>4,216</b>	49
Accrued expenses and other liabilities		<b>(17,012)</b>	20,591
Fund board fee payable		<b>7,452</b>	7,492
<b>Net cash used in operating activities</b>		<b>(2,633,778)</b>	(10,785,138)
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		<b>2,023,765</b>	10,787,063
<b>Net cash generated from financing activities</b>		<b>2,023,765</b>	10,787,063
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(610,013)</b>	1,925
Cash and cash equivalents at the beginning of the period	7	<b>612,459</b>	--
<b>Cash and cash equivalents at the end of the period</b>		<b>2,446</b>	1,925

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

**NAFAQAH WAQF 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)*

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**1. GENERAL INFORMATION**

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

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

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

- (b) The Fund is governed by Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “amended regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016), and 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Fund is also subject to the licensing instructions for endowment investment funds. The Fund commenced its operations on 20 January 2021 after Approval from the Capital Market Authority’s (“CMA”).
- (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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**For the six-month period ended 30 June 2022**  
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**2. BASIS OF ACCOUNTING**

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

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.

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 and regulations 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 are effective for annual periods beginning after 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.

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**7. CASH AND CASH EQUIVALENTS**

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

**8. INVESTMENTS**

This represents investment classified as at FVTPL in mutual funds.

<u>Investment Funds</u>	<b>30 June 2022</b>		
	<b>(Unaudited)</b>		
	<u>Cost</u>	<u>Fair value</u>	<u>% of fair value</u>
Jadwa Global sukuk Fund- Class B	3,816,829	3,604,514	19.88
Jadwa Saudi Equity Fund - Class B	2,499,526	3,477,246	19.18
Aljazira Sukuk Fund	3,411,144	3,255,032	17.94
Al-Mubarak Pure Saudi Equity Fund	2,723,908	2,331,049	12.85
Jadwa International Multi-manager Absolute Return Fund - Class A	1,358,600	1,359,253	7.50
Jadwa International Multi-manager Real Assets Fund - Class A	1,358,600	1,359,253	7.50
Al Rajhi Commodity Fund-SAR	1,257,326	1,266,973	6.99
Jadwa International Multi-manager Private Equity Fund - Class A	1,012,878	1,013,069	5.59
Jadwa Saudi Riyal Murabaha Fund - Class B	462,147	465,684	2.57
<b>Total</b>	<b><u>17,900,958</u></b>	<b><u>18,132,073</u></b>	<b><u>100.00</u></b>

<u>Investment Funds</u>	<b>31 December 2021</b>		
	<b>(Unaudited)</b>		
	<u>Cost</u>	<u>Fair value</u>	<u>% of fair value</u>
Jadwa Saudi Riyal Murabaha Fund - Class B	3,996,105	4,003,820	24.75
Jadwa Global SUKUK Fund - Class B	3,816,829	3,812,354	23.55
Jadwa Saudi Equity Fund - Class B	2,499,526	3,378,059	20.87
Jadwa International Multi-manager Absolute Return Fund - Class A*	1,358,600	1,360,085	8.40
Jadwa International Multi-manager Real Assets Fund - Class A*	1,358,600	1,360,085	8.40
Al Rajhi Commodity Fund-SAR	1,257,327	1,257,795	7.77
Jadwa International Multi-manager Private Equity Fund - Class A*	1,012,878	1,013,688	6.26
<b>Total</b>	<b><u>15,299,865</u></b>	<b><u>16,185,886</u></b>	<b><u>100.00</u></b>

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**For the six-month period ended 30 June 2022**  
*(Amounts in Saudi Arabian Riyals)*

**9. (LOSS) / GAIN ON INVESTMENTS, NET**

	<b>For the six- month period ended 30 June 2022</b>	<b>For the period from 20 January 2021 to 30 June 2021</b>
Realized gain, net	13,856	3
Unrealized (loss) / gain, net	<u>(654,906)</u>	<u>1,084,810</u>
	<u><b>(641,050)</b></u>	<u><b>1,084,813</b></u>

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<b>For the six- month period ended 30 June 2022</b>	<b>For the period from 20 January 2021 to 30 June 2021</b>
Jadwa Investment Company	The Fund Manager	Management fee	<u>4,216</u>	<u>49</u>
The Fund Board	The Fund Board	The Fund Board fee (independent member)	<u>7,452</u>	<u>7,492</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>	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Jadwa Investment Company	The Fund Manager	Management fee payable	<u>4,636</u>	<u>420</u>
The Fund Board	The Fund Board	Fee payable to an independent member of the Fund Board	<u>23,452</u>	<u>16,000</u>

**11. LAST VALUATION DAY**

The Fund's units are valued on every Monday and Thursday of the week and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these condensed interim financial statements was 30 June 2022, (2021: 31 December 2021).

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**For the six-month period ended 30 June 2022**  
*(Amounts in Saudi Arabian Riyals)*

**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 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>	<b>30 June 2022 (Unaudited)</b>			
		<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>	<b><u>18,132,073</u></b>	<b><u>--</u></b>	<b><u>18,132,073</u></b>	<b><u>--</u></b>	<b><u>18,132,073</u></b>
		<b>31 December 2021 (Audited)</b>			
		<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>16,185,886</u>	<u>--</u>	<u>16,185,886</u>	<u>--</u>	<u>16,185,886</u>

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

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.

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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)*

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**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 20 Muharram 1444H (corresponding to 18 August 2022).