

JADWA SAUDI EQUITY 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 EQUITY FUND
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(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 Equity Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **Jadwa Saudi Equity 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 Equity 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 مهنية مساهمة متقلة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي موزع بالكليل، المسماة سابقاً "الشركة كي بي إم جي للوزان وشركاه محاسبين ومراجعين قانونيين". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة لجنيزية محدودة بضمن. جميع الحقوق محفوظة.

JADWA SAUDI EQUITY 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	11,493,132	50,802,148
Investments	8	667,859,107	586,374,078
Dividend receivable		324,921	--
Total assets		679,677,160	637,176,226
LIABILITIES			
Management fee payable	<i>1(c), 10</i>	1,004,718	2,765,059
Accrued expenses and other liabilities		260,585	689,299
Total liabilities		1,265,303	3,454,358
Net assets (equity) attributable to the Unitholders (SAR)		678,411,857	633,721,868
Units in issuance (numbers)			
Class A		690,197.85	669,509.64
Class B		677,592.90	647,093.26
Class C		38,113.79	44,742.61
Net assets (equity) attributable to each unit (SAR)			
Class A		279.3317	270.2826
Class B		700.7041	680.7168
Class C		284.0341	274.4098

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

JADWA SAUDI EQUITY 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	
		2022	2021
Gain on investments, net	9	17,949,813	127,234,156
Dividend income		9,027,692	7,071,365
Total revenue		26,977,505	134,305,521
Management fee	1(c), 10	(6,291,600)	(4,070,578)
Other operating expenses		(1,488,729)	(1,017,309)
Fund Board fee	10	(7,935)	(7,935)
Total operating expenses		(7,788,264)	(5,095,822)
Net profit for the period		19,189,241	129,209,699
Other comprehensive income for the period		--	--
Total comprehensive income for the period		19,189,241	129,209,699

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

JADWA SAUDI EQUITY 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	
	<u>2022</u>	<u>2021</u>
Net assets (equity) attributable to the Unitholders at beginning of the period	633,721,868	460,315,441
Net profit for the period	19,189,241	129,209,699
<i>Contributions and redemptions by the Unitholders</i>		
Proceeds from issuance of units:		
- Class A	40,000,000	70,000,000
- Class B	88,440,786	42,202,429
- Class C	1,264,500	1,494,200
	129,705,286	113,696,629
Payments against redemption of units:		
- Class A	(34,290,213)	(105,518,975)
- Class B	(66,581,159)	(26,823,814)
- Class C	(3,333,166)	(654,036)
	(104,204,538)	(132,996,825)
Net contributions by the Unitholders	25,500,748	(19,300,196)
Net assets (equity) attributable to the Unitholders	678,411,857	570,224,944

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JADWA SAUDI EQUITY 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 (numbers)	For the six-month period ended 30 June							
	2022				2021			
<u>Units in issuance</u>	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total</u>	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total</u>
Units in issuance at the beginning of the period	669,509.64	647,093.25	44,742.60	1,361,345.49	1,092,068.18	482,090.33	32,734.81	1,606,893.32
Units issued	133,895.42	117,308.98	4,049.90	255,254.30	308,883.27	73,110.60	6,125.45	388,119.32
Units redeemed	(113,207.21)	(86,809.33)	(10,678.71)	(210,695.25)	(464,798.94)	(48,237.11)	(2,969.47)	(516,005.52)
Units in issuance at end of the period	<u>690,197.85</u>	<u>677,592.90</u>	<u>38,113.79</u>	<u>1,405,904.54</u>	<u>936,152.51</u>	<u>506,963.82</u>	<u>35,890.79</u>	<u>1,479,007.12</u>

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

JADWA SAUDI EQUITY 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>	For the six-month period ended	
		30 June	
		<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Net profit for the period		19,189,241	129,209,699
<i>Adjustments for:</i>			
Dividend income		(9,027,692)	(7,071,365)
Gain on investments, net	9	<u>(17,949,813)</u>	<u>(127,234,156)</u>
		(7,788,264)	(5,095,822)
Net changes in operating assets and liabilities			
Purchase of investments		(328,946,719)	(119,986,890)
Proceeds from sale of investments		265,411,503	122,581,555
Management fee payable		(1,760,341)	133,632
Accrued expenses and other liabilities		<u>(428,714)</u>	<u>21,957</u>
Cash used in generated from operations		<u>(73,512,535)</u>	<u>(2,345,568)</u>
Dividend received		<u>8,702,771</u>	<u>6,316,975</u>
Net cash (used in) / generated from operating activities		<u>(64,809,764)</u>	<u>3,971,407</u>
Cash flows from financing activities			
Proceeds from issuance of units		129,705,286	113,696,629
Payment made against redemption of the units		<u>(104,204,538)</u>	<u>(132,996,825)</u>
Net cash generated from / (used in) financing activities		<u>25,500,748</u>	<u>(19,300,196)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	7	<u>50,802,148</u>	<u>36,108,832</u>
Cash and cash equivalents at the end of the period		<u><u>11,493,132</u></u>	<u><u>20,780,043</u></u>

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

JADWA SAUDI EQUITY 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 2022
(Amounts in Saudi Arabian Riyals)

1. GENERAL INFORMATION

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

The Fund aims to provide investors with long-term capital appreciation by investing in Saudi equities listed on the Saudi stock market which are compliant with the 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 for the Fund.

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 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 1.25%, 1.95% and 0.98% of the net assets (equity) value of Class A, Class B and Class C units respectively at each valuation day. 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.

Furthermore, the Fund Manager may charge investor a subscription fee for a percentage not to exceed 3% of the subscribed amount. Subscription fee is not included in these financial statements.

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.

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

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.

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 in equity securities of companies listed in the Kingdom of Saudi Arabia and regional markets.

The composition of investments in equity securities measured at fair value through profit or loss by industry sector is summarized below:

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

8. INVESTMENTS (CONTINUED)

	30 June 2022			31 December 2021		
	(Unaudited)			(Audited)		
<u>Economic sectors</u>	Cost	Fair value	% of fair value	Cost	Fair value	% of fair value
Energy	149,976,633	162,780,425	24.37	64,264,227	71,982,032	12.28
Materials	138,021,029	135,765,232	20.33	92,181,508	124,898,297	21.30
Banks	61,292,768	108,889,058	16.30	51,965,893	107,190,480	18.28
Health care equipment and services	16,875,456	51,182,490	7.66	17,351,736	43,573,841	7.43
Media	17,633,165	43,916,612	6.58	20,220,104	52,556,094	8.96
Software & Services	17,941,691	29,796,365	4.46	8,716,475	10,863,845	1.85
Insurance	15,350,094	22,484,164	3.37	11,708,892	16,005,703	2.73
Food and beverages	11,415,759	17,675,702	2.65	28,562,517	32,735,310	5.58
Real estate investment trusts	14,984,414	16,336,488	2.45	19,884,287	27,755,873	4.73
Telecommunication services	17,915,521	16,104,655	2.41	9,801,971	11,004,972	1.88
Consumer services	10,518,272	15,924,975	2.38	4,602,728	9,516,120	1.62
Commercial and professional services	18,790,756	15,342,520	2.30	18,790,755	16,692,490	2.85
Utilities	13,173,962	13,362,357	2.00	9,485,538	12,753,368	2.17
Capital goods	12,509,873	9,716,195	1.45	16,479,176	15,698,155	2.68
Retailing	8,634,300	8,581,869	1.29	11,340,768	14,072,913	2.40
Food and staples retailing	--	--	--	10,142,734	12,318,748	2.10
Diversified Financials	--	--	--	5,638,815	6,755,837	1.15
Total	525,033,693	667,859,107	100.00	401,138,124	586,374,078	100.00

9. GAIN ON INVESTMENTS, NET

	For the six-month period ended 30 June	
	2022	2021
Realized gain, net	60,360,353	41,330,101
Unrealized (loss) / gain, net	(42,410,540)	85,904,055
	17,949,813	127,234,156

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.

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

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</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>6,291,600</u>	<u>--</u>
The Fund Board	The Fund Board	The Fund Board fee (independent member)	<u>7,935</u>	<u>7,935</u>
Jadwa Conservative Fund For Social Development	A fund managed by the Fund Manager	Purchas of investment	<u>1,000,000</u>	<u>--</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 2022</u>	<u>31 December 2021</u>
			<u>(Unaudited)</u>	<u>(Audited)</u>
Jadwa Investment Company	The Fund Manager	Management fee payable	<u>1,004,718</u>	<u>2,765,059</u>

- 10.1 The Unitholder's account as at 30 June 2022 includes 1,264 units (31 December 2021: Nil units) held by Jadwa Conservative Fund for Social Development.

11. 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).

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.

