

GIB SAUDI EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)
Interim condensed financial statements (Un-audited)
For the six-months period ended 30 June 2024
Together with the
Independent Auditor's Review Report to the Unitholders

GIB SAUDI EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)

Interim Condensed Financial Statements (Un-audited)
For the period ended 30 June 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

(1 /1)

TO THE UNITHOLDERS OF GIB SAUDI EQUITY FUND
[MANAGED BY GIB CAPITAL]

RIYADH, KINGDOM OF SAUDI ARABIA

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of GIB Saudi Equity Fund (the "Fund") as at 30 June 2024 and the related interim condensed statements of comprehensive income, changes in net assets (Equity) attributable to the unitholders and cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 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 condensed 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For PKF Al-Bassam Chartered Accountants



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Corresponding to: 06 August 2024

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GIB SAUDI EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Amounts in Saudi Riyal)

	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents	6	757,618	808,496
Investments carried at fair value through profit or loss (FVTPL)	7	167,744,527	144,533,253
Advance to purchase investments		-	6,147,750
Accrued Income		105,036	40,866
Prepayments & other receivables		2,357	-
Total assets		168,609,538	151,530,365
LIABILITIES			
Management fees payable	11	539,338	437,717
Accrued expenses		285,240	317,721
Total liabilities		824,578	755,438
Net assets (equity) attributable to the Unitholders		167,784,960	150,774,927
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS:			
Class A		-	-
Class B		108,759,416	97,995,876
Class C		59,025,544	52,779,051
		167,784,960	150,774,927
UNITS IN ISSUE (number):			
Class A	8	-	-
Class B		4,169,836.69	4,171,148
Class C		2,070,473.65	2,070,031.70
		6,240,310.34	6,241,179.70
NET ASSETS ATTRIBUTABLE TO EACH UNIT:			
Class A		-	-
Class B		26.08	23.49
Class C		28.51	25.50

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

(2)

GIB SAUDI EQUITY FUND
Open-Ended Mutual Fund
(Managed by GIB Capital)

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-month period ended 30 June 2024

(Amounts in Saudi Riyal)

	Note	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
<u>Investment income</u>			
Net gain from investments carried at FVTPL	9	15,951,098	14,966,396
Dividend income		2,386,536	1,602,247
		18,337,634	16,568,643
<u>Expenses</u>			
Management fees	11	(1,074,324)	(794,641)
Board of Director's fees	11	(12,465)	(12,397)
Custody fees		(17,951)	(17,852)
Other expenses	10	(202,175)	(198,455)
		(1,306,915)	(1,023,345)
Net income for the period		17,030,719	15,545,298
Other comprehensive income for the period		-	-
Total comprehensive income for the period		17,030,719	15,545,298

GIB SAUDI EQUITY FUND
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INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)

For the six-month period ended 30 June 2024

(Amounts in Saudi Riyal)

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Net assets (Equity) attributable to the Unitholders at the beginning of the period	150,774,927	115,650,729
Total comprehensive income for the period	17,030,719	15,545,298
Contributions and redemptions by the Unitholders		
Issuance of units		
Class A	-	-
Class B	-	-
Class C	50,000	413,811
	50,000	413,811
Redemption of units		
Class A	-	-
Class B	(33,221)	-
Class C	(37,465)	(15,994)
	(70,686)	(15,994)
Net changes from unit transactions	(20,686)	397,817
Net assets (Equity) attributable to the Unitholders at the end of the period	167,784,960	131,593,844

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INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six-month period ended 30 June 2024

(Amounts in Saudi Riyal)

	Note	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Cash flows from operating activities:			
Net income for the period		17,030,719	15,545,298
Adjustments for:			
Unrealized loss / (gain) from investments carried at FVTPL	9	1,377,077	(7,719,210)
		18,407,796	7,826,088
Net changes in operating assets and liabilities:			
Investments carried at FVTPL		(24,588,351)	(2,648,949)
Advance to purchase investments		6,147,750	-
Accrued dividend		(64,170)	-
Prepayments and other receivables		(2,357)	(2,835)
Management fees payable		101,621	5,661
Accrued expenses		(32,481)	52,222
Net cash (used in) / generated from operating activities		(30,192)	5,232,187
Cash flows from financing activities:			
Proceeds from issuance of units		50,000	413,811
Redemptions of the units		(70,686)	(15,994)
Net cash (used in) / generated from financing activities		(20,686)	397,817
Net (decrease) / increase in cash and cash equivalents		(50,878)	5,630,004
Cash and cash equivalents at beginning of the period		808,496	678,062
Cash and cash equivalents at end of the period	6	757,618	6,308,066

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(All amounts in Saudi Riyal unless otherwise stated)

1 FUND AND ITS ACTIVITIES

The GIB Saudi Equity Fund (“the Fund”) is an open-ended investment fund to invest in Saudi stocks. It was established and managed by GIB Capital (“Fund Manager”), which is a one-person company in accordance with the laws in the Kingdom of Saudi Arabia under the Commercial Registration No. 1010244294 dated 6/2/1429H and Capital Market Authority License No. 37-07078.

The Fund aims to achieve capital growth in the medium and long term by investing in shares of Saudi companies listed on the main Saudi stock market or the parallel Saudi stock market (Nomu).

The Fund's units are divided into three categories A, B, and C as follows:

- Category (A), which is for institutional and individual investors, who are those whose subscription amount exceeds or equals Saudi Riyals 10,000,000.
- Category (B), which is for institutional and individual investors, who are those whose subscription amount is equal to or less than Saudi Riyals 10,000.
- Category (C), which is for the employees of the Fund Manager, Gulf International Bank, and the investment portfolio of the Fund Manager and Gulf International Bank.

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 management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s Agreement, 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 GIB Capital. The Custodian of the Fund is Albilad Investment Company.

Date of approval of the Capital Market Authority (“CMA”) for the establishment of the Fund and the offering of its units: 11 January 2018.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha’ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

3 BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Fund’s last annual financial statement for the year ended 31 December 2023. The results for the six-months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using the accrual basis of accounting except for investments carried at fair value through profit or loss which are carried at their fair value. The Fund presents its interim statement of financial position in the order of liquidity.

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3 BASIS OF PREPARATION (CONTINUED)

3.3 Functional and Presentation Currency

Items included in the interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in Saudi Riyal (“SR”) which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SR using the exchange rates prevailing at date of the interim statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive income

3.4 Critical accounting judgments, estimates and assumption

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Going concern

The Fund Manager has made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund’s ability to continue as a going concern.

4 MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2023. Certain new standards, amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s interim condensed financial statements. In the opinion of the Fund’s Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

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5 MANAGEMENT FEE, AND OTHER CHARGES

The Fund Manager charges the management fees for categories A, B and C at 0.8%, 1.75% and 0.50% per annum respectively of the net asset value of the Fund, calculated on a daily basis and payable on a quarterly basis. The Fund Manager is also reimbursed for any other expenses which are paid on behalf of the Fund, such as custodian fees of 0.03% as maximum per annum of the net asset value of the Fund and transaction fees of SAR 30 as maximum per transaction.

6 CASH AND CASH EQUIVALENTS

	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Cash in investment account	6.1	757,618	808,496

6.1 Cash in investment account is held in an investment account with Albilad Investment Company, The Fund does not earn profit on these investment accounts.

7 INVESTMENTS CARRIED AT FVTPL

The Fund invests primarily in equity of listed Saudi companies. The sector-wise portfolio of investments carried at FVTPL is summarized as follows:

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Bank	61,087,087	49,974,521
Materials	22,515,180	11,591,454
Energy	15,988,154	6,736,278
Retailing	11,971,849	10,232,644
Consumer services	10,026,904	11,539,773
Utilities	9,279,096	9,867,666
Transportation	7,241,718	5,866,066
Telecommunication Services	6,840,207	-
Insurance	5,116,955	4,060,632
Capital goods	5,518,671	3,947,915
Pharmaceuticals, Biotechnology & Life Sciences	5,089,291	-
Health care equipment & services	4,006,233	5,812,732
Food and staple retailing	3,063,182	2,529,410
Media & entertainment	-	6,570,142
Software & services	-	6,158,929
Commercial & professional services	-	4,609,092
Food, Beverage & Tobacco	-	2,112,423
Telecommunication services	-	2,923,576
Total market value	167,744,527	144,533,253
Total cost	169,121,604	128,254,425

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7 INVESTMENTS CARRIED AT FVTPL (CONTINUED)

7.1 the movement during the period / year is summarized as follows:

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Carrying amount as at 1 January	144,533,253	115,615,926
Additions during the period / year	156,355,363	211,688,035
Sold during the period / year	(151,424,237)	(220,760,845)
Unrealize (loss) / gain	(1,377,077)	16,278,828
Realize gain	17,328,175	18,812,578
Dividend income	2,329,050	2,898,731
Carrying amount as at the period / year end	167,744,527	144,533,253

8 UNIT TRANSACTIONS

Transactions in units for the period / year are summarized as follows:

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period / year	6,241,179.70	6,276,554.08
Units issued during the period / year		
Class A	-	-
Class B	-	-
Class C	1,845.12	20,756.98
	1,845.12	20,756.98
Units redeemed during the period / year		
Class A	-	-
Class B	(1,311.31)	(5,429.57)
Class C	(1,403.17)	(50,701.79)
	(2,714.48)	(56,131.36)
Net change in units	(869.36)	(35,374.39)
Units at the end of the period / year	6,240,310.34	6,241,179.70

9 NET GAIN FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Realized gain from sale of investments carried at FVTPL	17,328,175	7,247,186
Unrealized (loss) / gain from revaluation of investments carried at FVTPL	(1,377,077)	7,719,210
	15,951,098	14,966,396

10 OTHER EXPENSES

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
Transaction fees	-	4,710
Tadawul fees	7,480	12,439
VAT expense	166,647	126,235
Other expenses	35,528	55,070
	202,175	198,454

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11 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund include “GIB Capital” being the Fund Manager, “GIB Bank” being the shareholder of GIB Capital, Albilad Investment Company being the Custodian and the Fund’s Board of Directors.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties’ transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund’s Board of Directors.

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

Related Party	Nature of transactions	Amount of transaction during the period		Closing balance (payable)	
		30 June 2024 (Un-audited)	30 June 2023 (Un-audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)
GIB Capital	Management fees payable	(1,074,324)	(794,641)	(539,338)	(437,717)
	Board of Directors’ Fees	(12,465)	(12,397)	(20,028)	(67,563)
	Accrued VAT*	(161,148)	(119,196)	(80,900)	(65,657)

* Accrued VAT to related party is included in the interim statement of financial position under accrued expenses.

12 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2024 (Un-audited)	Amortized cost	FVTPL
Assets as per interim statement of financial position		
Cash and cash equivalents	757,618	-
Investments carried at FVTPL	-	167,744,527
Accrued Income	105,036	-
Prepayment & other receivables	2,357	-
Total	865,011	167,744,527
31 December 2023 (Audited)	Amortized cost	FVTPL
Assets as per statement of financial position		
Cash and cash equivalents	808,496	-
Investments carried at FVTPL	-	144,533,253
Advance to purchase investments	6,147,750	-
Accrued income	40,866	-
Total	6,997,112	144,533,253

All financial liabilities as at 30 June 2024 and 31 December 2023 were classified as financial liabilities carried at amortized cost.

13 FINANCIAL RISK MANAGEMENT

13.1 Financial risk factors

The objective of the Fund is to safeguard its ability to continue as a going concern so that it can continue to provide optimum returns to its Unitholders and to ensure reasonable safety to the Unitholders.

The Fund’s activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

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13 FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (continued)

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(a) Market risk

(i) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, the Fund has equity investments.

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June 2024 and 31 December 2023 due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	30 June 2024		31 December 2023	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Bank	1%	610,871	1%	499,745
Materials	1%	225,152	1%	115,915
Energy	1%	159,882	1%	67,363
Retailing	1%	119,718	1%	102,326
Consumer Services	1%	100,269	1%	115,398
Utilities	1%	92,791	1%	98,677
Transportation	1%	72,417	1%	58,661
Telecommunication Services	1%	68,402	1%	29,236
Capital Goods	1%	55,187	1%	39,479
Insurance	1%	51,170	1%	40,606
Pharmaceuticals, Biotechnology & Life Sciences	1%	50,893	1%	-
Health Care Equipment & Services	1%	40,062	1%	58,127
Food and Staple Retailing	1%	30,632	1%	25,294
Media & Entertainment	1%	-	1%	65,701
Software & Services	1%	-	1%	61,589
Commercial & Professional Services	1%	-	1%	46,091
Food, Beverage & Tobacco	1%	-	1%	21,124

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13 FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk for its cash and cash equivalent. Bank balances are deposited in investment account in Albilad Capital which is Bank with good financial rating.

The following table shows the Fund's maximum exposure to credit risk for components of the interim statement of financial position.

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Cash and cash equivalents	<u>757,618</u>	<u>808,496</u>

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's Terms and Conditions provide for subscription and redemption of units on Monday and Wednesday, therefore, it is exposed to the liquidity risk of meeting Unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the interim statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

The expected maturity of the assets and liabilities of the Fund is less than 12 months.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Unitholders.

13.2 Fair value estimation

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying values of the Fund's financial instruments carried at amortized cost are assumed to approximate their fair values.

The Fund classifies its financial instruments in the following levels of fair value hierarchy:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

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13 FINANCIAL RISK MANAGEMENT (CONTINUED)

13.2 Fair value estimation (continued)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity and debt instruments. The Fund does not adjust the quoted price for these instruments.

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 1.

14 SUBSEQUENT EVENTS

As of the date of approval of these interim condensed financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these interim condensed financial statements.

15 LAST VALUATION DAY

The last valuation day for the period was 30 June 2024 (31 December 2023).

16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund's Board of Directors on 31 July 2024 (corresponding to 25 Muharram 1446H)