

YAQEEN SAUDI EQUITY ETF
(Managed by Yaqeen Capital)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2024
Together with the
Independent Auditor's Review Report

YAQEEEN SAUDI EQUITY ETF
(Managed by Yaqeen Capital)

CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)

For the six-month period ended 30 June 2024

INDEX	PAGE
Independent auditor's report on review of condensed interim financial statements	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of changes in net assets (equity) attributable to the Unitholders	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial statements	6 – 11



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كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
رقم سجل تجاري ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Unitholders of Yaqeen Saudi Equity ETF

Introduction

We have reviewed the accompanying condensed interim financial statements of **Yaqeen Saudi Equity ETF** (the "Fund"), managed by Yaqeen Capital (the "Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2024;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2024;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2024;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2024; and
- the notes to the condensed interim financial statements.

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of 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 2024 condensed interim financial statements of **Yaqeen Saudi Equity ETF** (the "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



Riyadh on 8 August 2024
Corresponding to: 4 Safar 1446H

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها ٤٠,٠٠٠,٠٠٠ ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قفويون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجليزية المحدودة بضمان. جميع الحقوق محفوظة.

YAQEEN SAUDI EQUITY ETF
 (Managed By Yaqeen Capital)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

(All amounts are in Saudi Riyals unless stated otherwise)

	<u>Notes</u>	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalent	6	620,246	654,830
Financial assets at fair value through profit or loss (FVTPL)	7	44,701,892	49,795,175
Dividend receivable		33,222	8,242
Total assets		45,355,360	50,458,247
LIABILITIES			
Management fee payable	9	67,648	72,457
Other liabilities	9	67,648	72,457
Total liabilities		135,296	144,914
Net assets (equity) attributable to the Unitholders		45,220,064	50,313,333
Units in issue (numbers)		925,000	975,000
Net asset value per unit (Saudi Riyals)	10	48.89	51.60

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

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

	<u>Notes</u>	<u>30 June 2024</u> <u>(Unaudited)</u>	<u>30 June 2023</u> <u>(Unaudited)</u>
Income			
Dividend income		1,029,058	779,569
Fair value (loss) / gain on financial assets at FVTPL, net		<u>(3,183,459)</u>	<u>3,533,252</u>
Total (loss) / income		<u>(2,154,401)</u>	<u>4,312,821</u>
Expenses			
Management fee payable	9	(140,033)	(135,659)
Other expenses	9	<u>(140,033)</u>	<u>(135,659)</u>
Total expenses		<u>(280,066)</u>	<u>(271,318)</u>
(Loss) / profit for the period		(2,434,467)	4,041,503
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive (loss) / income for the period		<u>(2,434,467)</u>	<u>4,041,503</u>

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

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

	<u>30 June 2024</u>	<u>30 June 2023</u>
Net assets (equity) attributable to the unitholders at the beginning of the period (Audited)	50,313,333	45,637,012
Total comprehensive (loss) / income for the period	(2,434,467)	4,041,503
Unitholders subscriptions and redemptions:		
Issuance of redeemable units during the period	-	-
Redemption of redeemable units during the period	(2,658,802)	-
Net assets (equity) attributable to the Unitholders at the end of the period (Unaudited)	45,220,064	49,678,515

Movement in number of units

The movement in number of units for the six-month period ended 30 June is as follows:

	<u>30 June 2024</u>	<u>30 June 2023</u>
Number of units as at 1 January (Audited)	975,000	1,025,000
Issuance of redeemable units during the period	-	-
Redemption of redeemable units during the period	(50,000)	-
Number of units as at 30 June (Unaudited)	925,000	1,025,000

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

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss) / profit for the period	(2,434,467)	4,041,503
<i>Adjustments to reconcile profit for the period to net cash flows generated / (used in) operating activities:</i>		
Fair value loss / (gain) on financial assets at FVTPL, net	3,183,459	(3,533,252)
Changes in operating assets and liabilities:		
Purchase of financial assets at FVTPL	(721,273)	(1,121,684)
Proceeds from sale of financial assets at FVTPL	2,631,097	679,655
Dividend receivable	(24,980)	-
Management fee payable	(4,809)	862
Other liabilities	(4,809)	862
Net cash flows generated from operating activities	2,624,218	67,946
Cash flows from financing activities:		
Issuance of redeemable units during the period	-	-
Redemption of redeemable units during the period	(2,658,802)	-
Net cash flows generated from financing activities	(2,658,802)	-
Net (decrease) / increase in cash and cash equivalents	(34,584)	67,946
Cash and cash equivalents at the beginning of the period	654,830	568,660
Cash and cash equivalents at the end of the period	620,246	636,606

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

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

1. GENERAL

Yaqeen Saudi Equity ETF (the “Fund”) is a fund established under agreement between Yaqeen Capital (the “Fund Manager”) and investors in the Fund (the “Unitholders”). The Fund’s objectives are represented in achieving capital growth and gains in the long term through the inactive investment of a basket of shares of companies listed on the Saudi stock exchange (i.e Tadawul) for the purpose of achieving performance level similar to index performance before fees and expenses.

The address of the Fund manager is as follows:

Yaqeen Capital Company
Olaya Street, P.O. 884
Riyadh 11421
Kingdom of Saudi Arabia

Yaqeen Capital Company is the administrator of the Fund. Further, Yaqeen Capital Company is assigned as the custodian of the Fund.

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 Capital Market Authority (CMA) license was granted to the Fund on 12 Jumada Al Akhir 1429 H (corresponding to June 16, 2008). The Fund commenced operations on 9 Rajab 1429H (corresponding to July 12, 2008).

The Fund is governed by the Investment Fund Regulations (the “Regulations”).

1.1 Primary market operation (creation and redemption of units)

The primary market operations are only carried out by the Fund Manager who is the authorized Market Maker. The creation and redemption activities are done on the basis of blocks of exchange traded fund (ETF) units, referred to as “creation unit and redemption unit” respectively. The process of creation and redemption of ETF units is on an in-kind basis whereby the Fund Manager and the Market Maker i.e Yaqeen Capital interexchange ETF units with the Fund and the basket of assets, through the custodian, for the purpose of creation and redemption of ETF units. The created units are then freely floated on Tadawul for public trading.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements 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 pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

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 liquidity.

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

The Fund has also complied with Investment Funds Regulations published by CMA and the Fund’s terms and conditions (collectively hereinafter referred to as “Terms and Conditions”).

The disclosures made in these condensed interim financial statements have been limited in accordance with the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 31 December 2023.

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of measurement

These condensed interim financial statements have been prepared on a historical cost convention, except for the financial assets at fair value through profit or loss that are measured at fair value.

Furthermore, these condensed interim financial statements are prepared using going concern basis.

2.3 Functional and presentation currency

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

2.4 Use of judgements and estimates

In the ordinary course of business, the preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. There are no areas of significant judgment or critical assumption used in the preparation of these condensed interim financial statements.

3. NEW AND AMENDED STANDARDS

Following are the amendments to standards which are effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards did not have a significant impact on the condensed interim financial statements of the Fund.

- a. Amendments to IAS 8 Accounting policies, Changes in accounting estimates and errors
- b. Amendment to IAS 1 and IFRS Practice Statement 2 relating to disclosure of Accounting Policies
- c. Deferred Tax related to Assets and liabilities arising from a Single Transaction – Amendment to IAS 12

Standards issued but not yet effective

Following are the new amendments to standards, which are effective for annual periods beginning on, or after 1 January 2024 and earlier application is permitted however, the Fund has not early adopted them in preparing these interim financial statements. The following standards are not expected to have a significant impact on the condensed interim financial statements of the Fund upon adoption:

- a. Lack of exchangeability (Amendments to IAS 21). [Effective date: 1 January 2025]
- b. Presentation and disclosure in financial statements (Amendments to IFRS 18). [Effective date: 1 January 2027]
- c. Reducing disclosures for subsidiaries (Amendment to IFRS 19). [Effective date: 1 January 2027]
- d. Sale or contribution of assets between investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28). [Available for optional adoption / effective date deferred indefinitely]

4. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the last annual audited financial statements of the Fund for the year ended 31 December 2023.

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

5. MANAGEMENT FEE, CUSTODY FEE AND OTHER EXPENSES

The Fund's expenses include management fee, custody fee and other expenses. These expenses are recognised on an accrual basis. Management and custody fee are based on predetermined rates specified in the Terms and Conditions of the Fund. Detailed policies are as follows:

Management fee

The Fund pays 0.5% of the Fund's net assets value at each valuation day of the Fund's net assets value. These charges are calculated and accrued on each dealing day.

Custody fee

The Fund accrues custody fee at an annual rate of 0.03% of the Fund's net assets value at each valuation day of the Fund's net assets value. These charges are calculated and accrued on each dealing day.

Administrative fee

The Fund accrues administrative fee at an annual rate of 0.22% of the Fund's net assets value at each valuation day of the Fund's net assets value. These charges are calculated and accrued on each dealing day.

Index fee

The Fund accrues index fee at an annual rate of 0.10% of the Fund's net assets value at each valuation day of the Fund's net assets value. These charges are calculated and accrued on each dealing day.

Listing and recording fee

The Fund accrues index fee at an annual rate of 0.08% of the Fund's net assets value at each valuation day of the Fund's net assets value. These charges are calculated and accrued on each dealing day.

6. CASH AND CASH EQUIVALENT

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cash at bank	<u>620,246</u>	<u>654,830</u>

Cash and cash equivalent comprise balances held with Banque Saudi Fransi which has a A2 long term credit rating as per Moody's.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The Fund's financial assets at FVTPL comprise of investments in shares of Saudi joint stock enterprises listed on the Saudi Stock Exchange, Tadawul.

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	49,795,175	45,207,432
Purchased during the period / year	721,273	1,322,861
Sold during the period / year	(2,631,097)	(2,821,311)
	47,885,351	43,708,982
Net changes in investment at FVTPL		
Realized fair value gain, net for the period / year	65,569	558,376
Unrealized fair value (loss) / gain, net for the period / year	(3,249,028)	5,527,817
Net fair value (loss) / gain on investment at FVTPL	(3,183,459)	6,086,193
Closing balance	44,701,892	49,795,175

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)
(CONTINUED)**

The details of investments in equity portfolio are summarized as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Sectors		
Energy	22,852,197	20,304,156
Banks	8,113,516	11,838,815
Material	3,332,478	5,753,892
Utilities	3,070,970	3,355,053
Telecommunication services	1,932,103	2,707,205
Health care equipment and Services	1,374,624	979,797
Food and beverages	1,111,944	1,403,405
Real estate management and development	1,036,754	1,050,551
Insurance	671,950	828,422
Software & Services	410,774	540,345
Media and entertainment	310,800	347,598
Capital goods	265,689	235,690
Financial services	218,093	-
Retailing	-	450,246
	<u>44,701,892</u>	<u>49,795,175</u>

8. FAIR VALUE MEASUREMENT

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. 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.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a market price, because this price is assessed to be a reasonable approximation of the exit price.

The fair value hierarchy consists of the following levels:

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

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

8. FAIR VALUE MEASUREMENT (CONTINUED)

The Fund has classified its investments measured at fair value through profit or loss (FVTPL) as level 1 as per the fair value hierarchy. During the period, there has been no transfer in fair value hierarchy. For other financial assets and liabilities, i.e. cash and cash equivalent, dividend receivable, management fee payable and other liabilities, the carrying values were determined to be a reasonable approximation of fair value due to their nature.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The related parties of the Fund include Fund Manager, the Fund's Board, other Funds managed by the Fund Manager, and the key management personnel of the Fund Manager.

In the ordinary course of business, the Fund transacts with its related parties that are in turn subject to the Fund's terms and conditions approved by the CMA. The Fund entered into the following transactions with its related parties during the period and the balances arising from these transactions are also mentioned below.

Related party	Relationship	Nature of transaction	Transactions for the period ended		Balance as at	
			30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Yaqeen Capital	Fund Manager	Management fees	(140,033)	(135,659)	67,648	72,457
		Custody and other expenses	(140,033)	(135,659)	67,648	72,457
		Net investment in / (disposal of) units held by the Fund Manager – 186,624 units (31 December 2023: 182,372 units)	312,842	-	9,123,405	9,411,019
Yaqeen IPO Fund	Fund managed by the Fund Manager	Net investment in / (Disposal of) units held by another fund managed by the Fund Manager, net – 15,289 units (31 December 2023: 15,289)	-	-	761,086	793,499

YAQEEEN SAUDI EQUITY ETF
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The Fund pays management fees, custody fees and other expenses calculated on each valuation day in the percentages shown below of the Fund's net assets value.

	<u>Percentage</u>
Management fees	0.5%
Other fees and expenses, comprising of:	
- Administrative fees	0.22%
- Custody fees	0.03%
- Index fees	0.10%
- Listing and recording fees	0.08%
- Other	0.07%

In accordance with the terms and conditions of the Fund, the annual rate of the Fund's expenses shall not exceed 1% of the net assets value. In addition, the Fund Manager bears any other expenses paid on behalf of the Fund including auditors' remuneration for the review of Fund's condensed interim financial statements for the period ended 30 June 2024 amounting to SR 8,500 (2023: SR 8,500).

10. UNIT VALUE RECONCILIATION

Financial assets held at amortized cost were considered for ECL as on 30 June 2024. However, the impact of ECL on these assets was immaterial as cash and cash equivalent is held with bank having sound credit rating and there is no history of default or recovery of these balances. Accordingly, these condensed interim financial statements do not contain any ECL adjustments and therefore reconciliation of the unit price calculated according to the applicable financial reporting framework to the unit price calculated for the purpose of unit transactions is not required.

11. CONTINGENCIES AND COMMITMENTS

There were no commitments and contingencies as of 30 June 2024.

12. LAST VALUATION DAY

The Fund's units are valued, and the net assets value is calculated at the end of each working day (valuation day). The last day of valuation was 30 June 2024.

13. SUBSEQUENT EVENTS

There are no events subsequent to the reporting period which require adjustment or disclosure to these condensed interim financial statements.

14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the Fund's Board on 8 August 2024.