

Al Mal UAE Equity Fund

**Report and condensed interim financial statements
For the six-month period ended 30 June 2022**

Al Mal UAE Equity Fund

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Review report on the condensed interim financial statements to the directors of Al Mal UAE Equity Fund

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Mal UAE Equity Fund (the "Fund") as at 30 June 2022 and the related condensed interim statements of profit or loss and other comprehensive income, changes in net assets attributable to unit holders and cash flows for the six month period then ended and other explanatory notes. The directors are responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of our 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'. 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 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers
28 July 2022

Jacques Fakhoury
Registered Auditor Number 379
Place: Dubai, United Arab Emirates

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Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

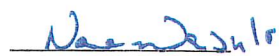
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Condensed interim statement of financial position

		As at	
	Notes	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
ASSETS			
Current assets			
Financial assets at fair value through profit or loss	7	46,674	54,726
Receivables and other assets	6	1,346	-
Cash and cash equivalents		10,471	2,223
Total assets		<u>58,491</u>	<u>56,949</u>
LIABILITIES			
Current liabilities			
Payables and other liabilities	8	464	2,502
Total liabilities		<u>464</u>	<u>2,502</u>
Net assets attributable to holders of redeemable units	9	<u>58,027</u>	<u>54,447</u>

The condensed interim financial statements were approved by the Fund Manager on 28 July 2022 and signed on its behalf by:

For Al Mal Capital PSC, Fund Manager


Director

Al Mal UAE Equity Fund

Condensed interim statement of profit or loss and other comprehensive income

	Notes	Six-month period ended 30 June	
		2022 AED'000 (Unaudited)	2021 AED'000 (Unaudited)
Net gain from financial assets at fair value through profit or loss	10	3,356	8,756
Dividend income		1,851	1,691
Interest income		17	1
Total investment income		5,224	10,448
Management fees	11	(478)	(381)
Performance fees	11	(321)	(1,531)
Custodian fees		(63)	(42)
Administration fees	12	(44)	(44)
Professional fees		(41)	(62)
Other operating expenses		(124)	(9)
Total operating expenses		(1,071)	(2,069)
Profit for the period		4,153	8,379
Other comprehensive income		-	-
Total comprehensive income for the period		4,153	8,379

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Condensed interim statement of changes in net assets attributable to unit holders

	Notes	Six-month period ended	
		30 June	
		2022	2021
		AED'000	AED'000
Balance at 1 January - Audited		54,447	45,512
Profit for the period		4,153	8,379
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>4,153</u>	<u>8,379</u>
Issue of redeemable units during the period	9	5,000	-
Redemption of redeemable units during the period	9	(5,573)	-
Net decrease from unit holders' transactions		<u>(573)</u>	<u>-</u>
Balance at 30 June – Unaudited		<u>58,027</u>	<u>53,891</u>

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Condensed interim statement of cash flows

	Notes	Six-month period ended 30 June	
		2022 AED'000 (Unaudited)	2021 AED'000 (Unaudited)
Cash flows from operating activities			
Profit for the period		4,153	8,379
Adjustments:			
Unrealised gain from financial assets at fair value through profit or loss	10	(1,214)	(5,454)
Realised gain on disposal of financial assets at fair value through profit or loss	10	(2,142)	(3,302)
Dividend income		(1,851)	(1,691)
Operating cash flows before changes in working capital and dividends received		(1,054)	(2,068)
Proceeds from sale of financial assets at fair value through profit or loss	7,10	25,466	34,070
Purchase of financial assets at fair value through profit or loss	7	(14,058)	(33,189)
Increase in receivables and other assets		(1,346)	-
(Decrease)/Increase in payables and other liabilities		(2,038)	1,591
Cash flows from operating activities		6,970	404
Dividends received		1,851	1,691
Net cash inflow from operating activities		8,821	2,095
Cash flows from financing activities			
Proceeds from issuance of redeemable units	9	5,000	-
Payments on redemption of redeemable units	9	(5,573)	-
Net cash outflow from financing activities		(573)	-
Net increase in cash and cash equivalents		8,248	2,095
Cash and cash equivalents at the beginning of period		2,223	92
Cash and cash equivalents at the end of period		10,471	2,187

Al Mal UAE Equity Fund

Notes to the financial condensed interim statement for the six-month period ended 30 June 2022

1 Status and principal activities

Al Mal UAE Equity Fund (the “Fund”) is an open-ended investment fund established under the approval of the Central Bank of the United Arab Emirates, reference 13/210/2006, dated 6 February 2006. The Fund commenced operations on 1 March 2006 and is currently licensed by the Securities and Commodity Authority (“SCA”) of the United Arab Emirates (“UAE”).

The objective of the Fund is to achieve medium to long term capital growth and a reasonable level of income by investing primarily in equity securities listed on the Abu Dhabi Securities Exchange (“ADX”), Dubai Financial Market (“DFM”), NASDAQ Dubai and London Stock Exchange although, where appropriate, investments may also be made in equity securities listed on stock exchanges in other Gulf Cooperation Council (“GCC”) countries or elsewhere as permitted by the prospectus.

The Fund’s investment activities are managed by Al Mal Capital P.S.C. (the “Fund Manager” or “Investment Manager”), a United Arab Emirates (“UAE”) based company. Standard Chartered Bank, DIFC (“SCB”) is the administrator to the Fund.

The registered office of the Fund is at 48 Burj Gate, Downtown Dubai, Sheikh Zayed Road, P.O. Box. 119930, Dubai, United Arab Emirates.

2 Basis of preparation

The condensed interim financial statements are prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”), issued by the International Accounting Standard Board (IASB) and also comply with the applicable requirements of the laws in the United Arab Emirates.

These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Fund’s financial statements as at and for the year ended 31 December 2021. In addition, the results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2021, except for the adoption of new standards or amendments effective as of 1 January 2022.

These condensed interim financial statements are presented in United Arab Emirates Dirham (“AED” or “UAE Dirhams”), which is the functional currency of the Fund, rounded to the nearest thousand.

Al Mal UAE Equity Fund

Notes to the financial condensed interim statement for the six-month period ended 30 June 2022 (continued)

2 Basis of preparation (continued)

2.1 New and amended standards adopted by the Fund

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the condensed interim financial statements of the Fund.

2.2 Impact of standards issued but not yet applied by the Fund

The following standards and interpretations have been issued but are not mandatory for annual reporting periods beginning on 1 January 2022, as they are effective for annual periods beginning on or after 1 January 2023. Management anticipates that these amendments will be adopted in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the Fund Manager.

- Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1

3 Use of estimates and judgments

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements as at and for the year ended 31 December 2021.

4 Financial risk management

The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 31 December 2021.

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Notes to the financial condensed interim statement for the six-month period ended 30 June 2022 (continued)

5 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: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, 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 where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where 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 where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 AED'000	Total AED'000
30 June 2022 (Unaudited)		
Financial assets at FVTPL	<u>46,674</u>	<u>46,674</u>
31 December 2021 (Audited)		
Financial assets at FVTPL	<u>54,726</u>	<u>54,726</u>

There have been no transfers between fair value levels during the period.

Due to the short-term nature of the financial assets and liabilities at amortised cost, their carrying amount is considered to be not materially different to their fair value at the condensed interim statement of financial position date.

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Notes to the financial condensed interim statement for the six-month period ended 30 June 2022 (continued)

6 Receivables and other assets

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Advance for investments	1,335	-
Prepayments	11	-
	<u>1,346</u>	<u>-</u>

7 Financial assets at FVTPL

The movement during the period/year is as follows:

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Balance at the beginning of the period/year	54,726	45,513
Additions during the period/year	14,058	58,951
Disposals during the period/year	(23,324)	(58,948)
Unrealised gain during the period/year (Note 10)	1,214	9,210
Balance at the end of the period/year	<u>46,674</u>	<u>54,726</u>

8 Payables and other liabilities

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Performance fee	321	2,349
Accrued expenses	143	153
	<u>464</u>	<u>2,502</u>

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Notes to the financial condensed interim statement for the six-month period ended 30 June 2022 (continued)

9 Net assets attributable to holders of redeemable units

The analysis of movements in the number of redeemable units and net assets attributable to holders of redeemable units during the period was as follows:

Authorised redeemable units

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<i>Number of units</i>		
Redeemable units of AED 1 each	<u>1,000,000</u>	<u>1,000,000</u>

Issued and fully paid

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<i>Number of units</i>		
Balance at 1 January	35,319,732	37,471,341
Issue of redeemable units during the period/year	3,230,434	331,226
Redemption of redeemable units during the period/year	<u>(3,230,433)</u>	<u>(2,482,835)</u>
Balance at the end of the period/year	<u>35,319,733</u>	<u>35,319,732</u>

Net assets attributable to holders of redeemable units

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Balance at 1 January	54,447	45,512
Profit for the period/year	4,153	14,216
Issue of redeemable units during the period/year	5,000	461
Redemption of redeemable units during the period/year	<u>(5,573)</u>	<u>(3,597)</u>
Distribution of dividend during the period/year	-	<u>(2,145)</u>
Balance at the end of the period/year	<u>58,027</u>	<u>54,447</u>
Net asset value per unit	<u>1.64</u>	<u>1.54</u>

The rights attached to the redeemable units are as follows:

- Redeemable units may be redeemed on the last business day of each calendar week at the net asset value per unit of those assets. The unit holder must request such redemption at least two weeks prior to the redemption date.
- The holders of the redeemable units are entitled to receive all dividends declared and paid by the Fund. Upon winding up, the holders are entitled to a return of capital based on the net asset value per unit.

Notwithstanding the redeemable unit holders' rights to redemption set out above, the Fund has the right, as set out in its prospectus, to impose a redemption gate limit of not more than 10 percent of the net assets of the Fund in any redemption period in order to manage redemption levels and maintain the strength of the Fund's capital base.

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Notes to the financial condensed interim statement for the six-month period ended 30 June 2022 (continued)

10 Net gain from financial assets at FVTPL

	30 June 2022 AED'000 (Unaudited)	30 June 2021 AED'000 (Unaudited)
Unrealised gain (Note 7)	1,214	5,454
Realised gain	2,142	3,302
	<u>3,356</u>	<u>8,756</u>

11 Related parties

The Fund, in the normal course of business, enters into transactions with business enterprises that fall within the definition of a 'related party' as contained in International Accounting Standard 24 'Related Party Disclosures'. The Fund's management is of the opinion that the terms of such transactions are not materially different from those that could have been obtained from third parties.

Management fees

The Fund appointed Al Mal Capital PSC, an investment management company incorporated in the United Arab Emirates, to implement the investment strategy as specified in the prospectus. Under the Investment Management agreement, the Investment Manager receives a management fee at an annual rate of 1.5% of the net asset attributable to holders of redeemable units. This management fee is calculated quarterly on a pro rata basis based on net asset attributable to holders of redeemable units at the beginning of the period. The investment management fees expensed during the period amounted to AED 0.5 million (2021: AED 0.4 million). Included in payables and other liabilities at 30 June 2022 is management fees payable of AED 0.1 million (2021: AED 0.08 million).

The investment management contract can be terminated by the Fund at any time.

Performance fees

The Investment Manager will be entitled to receive a performance fee in respect of each financial year. The performance fee will be equal to 20% of the increase in the Net Asset Value Per Unit (NAVPU) at the end of the financial year compared to the NAVPU at the end of the immediately preceding financial year above the hurdle rate of 10% subject to the condition that the NAVPU at the end of the financial year exceeds the high watermark.

The performance fee in respect of each financial year will be calculated with reference to the NAVPU before deducting any accrued performance fee and adjusted for subscription, redemptions, and distributions during the relevant performance period.

The performance fees accrued during the period amounted to AED 0.3 million (2021: AED 1.5 million).

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Notes to the financial condensed interim statement for the six-month period ended 30 June 2022 (continued)

12 Administration fees

Under the agreement, the administrator is paid on a quarterly basis. The actual cost of administration will not exceed 0.1% of the Fund's average net assets attributable to holders of redeemable units annually.

13 Financial instruments

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Financial assets		
Financial assets at fair value	46,674	54,726
Financial assets at amortised cost	10,471	2,223
Receivables and other assets	1,335	-
	<u>58,480</u>	<u>56,949</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>464</u>	<u>2,502</u>

14 Events occurring after reporting period

There have been no events subsequent to the condensed interim statement of financial position date that would significantly affect the amounts reported or require disclosure in the condensed interim financial information as at and for the six-month period ended 30 June 2022.