

**Al Mal UAE Equity Fund**

**Report and condensed interim financial statements  
For the six-month period ended 30 June 2023**

# **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

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### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Mal UAE Equity Fund (the "Fund") as at 30 June 2023 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.

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### 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.

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### 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 Limited Partnership Dubai Branch  
28 July 2023

A handwritten signature in blue ink that reads 'Douglas O'Mahony'.

Douglas O'Mahony  
Registered Auditor Number 834  
Dubai, United Arab Emirates


# Al Mal UAE Equity Fund

## Condensed interim statement of financial position

		As at	
		30 June	31 December
Notes		2023	2022
		AED'000	AED'000
		(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss			
	7	42,172	52,747
Receivables and other assets			
	6	506	-
Cash and cash equivalents			
		4,767	3,113
<b>Total assets</b>			
		<u>47,445</u>	<u>55,860</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and other liabilities			
	8	567	216
<b>Total liabilities</b>			
		<u>567</u>	<u>216</u>
<b>Net assets attributable to holders of redeemable units</b>			
	9	<u>46,878</u>	<u>55,644</u>

The condensed interim financial statements were approved by the Fund Manager on 27 July 2023 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	
		2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Net gain from financial assets at fair value through profit or loss	10	4,029	3,356
Dividend income		1,150	1,851
Interest income		77	17
<b>Total investment income</b>		<u>5,256</u>	<u>5,224</u>
Management fees	11	(392)	(478)
Performance fees	11	(469)	(321)
Custodian fees		(36)	(63)
Administration fees	12	(44)	(44)
Professional fees		(76)	(41)
Other operating expenses		(18)	(124)
<b>Total operating expenses</b>		<u>(1,035)</u>	<u>(1,071)</u>
<b>Profit for the period</b>		4,221	4,153
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<u>4,221</u>	<u>4,153</u>

## Al Mal UAE Equity Fund

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

	Notes	Six-month period ended	
		30 June	
		2023	2022
		AED'000	AED'000
<b>Balance at 1 January - Audited</b>		55,644	54,447
Profit for the period		4,221	4,153
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u>4,221</u>	<u>4,153</u>
Issue of redeemable units during the period	9	5,000	5,000
Redemption of redeemable units during the period	9	(17,987)	(5,573)
Net contributions by holders of redeemable units		<u>(12,897)</u>	<u>(573)</u>
<b>Balance at 30 June - Unaudited</b>		<u><u>46,878</u></u>	<u><u>58,027</u></u>

## Al Mal UAE Equity Fund

### Condensed interim statement of cash flows

	Notes	Six-month period ended 30 June	
		2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit for the period		4,221	4,153
Adjustments:			
Net gain from financial assets at fair value through profit or loss	10	(4,029)	(3,356)
Dividend income		(1,150)	(1,851)
<b>Operating cash flows before changes in working capital and dividends received</b>		(958)	(1,054)
Proceeds from sale of financial assets at fair value through profit or loss	7.10	23,298	25,466
Purchase of financial assets at fair value through profit or loss	7	(8,694)	(14,058)
Increase in receivables and other assets		(506)	(1,346)
Increase/(decrease) in payables and other liabilities		351	(2,038)
<b>Cash generated from operations</b>		13,491	6,970
Dividends received		1,150	1,851
<b>Net cash inflow from operating activities</b>		14,641	8,821
<b>Cash flows from financing activities</b>			
Proceeds from issuance of redeemable units	9	5,000	5,000
Payments on redemption of redeemable units	9	(17,987)	(5,573)
<b>Net cash outflow from financing activities</b>		(12,987)	(573)
<b>Net increase in cash and cash equivalents</b>		1,654	8,248
Cash and cash equivalents at the beginning of period		3,113	2,223
<b>Cash and cash equivalents at the end of period</b>		4,767	10,471

## **Al Mal UAE Equity Fund**

### **Notes to the condensed interim financial statement for the six month period ended 30 June 2023**

#### **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 have been prepared in accordance with the International Accounting Standard (“IAS”) 34, Interim Financial Reporting issued by International Accounting Standards Board (“IASB”) and comply with the provisions of the UAE Companies law.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Fund for the year ended 31 December 2022. In addition, results for the period from 1 January 2023 to 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 2022, except for the adoption of new standards or amendments effective as of 1 January 2023.

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 condensed interim financial statement for the six month period ended 30 June 2023** (continued)

#### **2 Basis of preparation** (continued)

##### **(a) New and amended standards adopted by the Fund**

In the current period, the Fund has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Fund’s future transactions or arrangements.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17, ‘Insurance contracts’

Other than the above, there are no other significant IFRSs, amendments or interpretations that were effective for the first time for the financial year beginning on or after 1 January 2023.

##### **(b) 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 2023, as they are effective for annual periods beginning on or after 1 January 2024. 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 management.

- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendment to IAS 1 – Non-current liabilities with covenants

#### **3 Use of estimates and judgments**

The preparation of condensed interim financial statements requires management to make certain estimates and assumptions that affect the reported amounts of financial assets and liabilities and the resultant allowances for impairment and fair values. 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 2022.

## Al Mal UAE Equity Fund

### Notes to the condensed interim financial statement for the six month period ended 30 June 2023 (continued)

#### 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 2022.

#### 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 2023 (Unaudited)		
Financial assets at FVTPL	42,172	42,172
31 December 2022 (Audited)		
Financial assets at FVTPL	52,747	52,747

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.

## Al Mal UAE Equity Fund

### Notes to the condensed interim financial statement for the six month period ended 30 June 2023 (continued)

#### 6 Receivables and other assets

	30 June 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Due from brokers	400	-
Advance for investments	93	-
Prepayments	13	-
	<u>506</u>	<u>-</u>

#### 7 Financial assets at FVTPL

*The movement during the period/year is as follows:*

	30 June 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Balance at the beginning of the period/year	52,747	54,726
Additions during the period/year	8,694	60,875
Disposals during the period/year	(22,654)	(62,946)
Unrealised gain during the period/year (Note 10)	3,385	92
Balance at the end of the period/year	<u>42,172</u>	<u>52,747</u>

#### 8 Payables and other liabilities

	30 June 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Performance fee	469	101
Accrued expenses	98	115
	<u>567</u>	<u>216</u>

## Al Mal UAE Equity Fund

### Notes to the condensed interim financial statement for the six month period ended 30 June 2023 (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 2023 (Unaudited)	31 December 2022 (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

<i>Number of units</i>		
Balance at 1 January	35,427,356	35,319,732
Issue of redeemable units during the period/year	3,194,092	3,338,056
Redemption of redeemable units during the period/year	<u>(11,321,197)</u>	<u>(3,230,432)</u>
Balance at the end of the period/year	<u>27,300,251</u>	<u>35,427,356</u>

##### Net assets attributable to holders of redeemable units

	30 June 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Balance at 1 January	55,644	54,447
Profit for the period/year	4,221	3,964
Issue of redeemable units during the period/year	5,000	5,173
Redemption of redeemable units during the period/year	<u>(17,987)</u>	<u>(5,574)</u>
Distribution of dividend during the period/year	-	<u>(2,366)</u>
Balance at the end of the period/year	<u>46,878</u>	<u>55,644</u>
Net asset value per unit	<u>1.72</u>	<u>1.57</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.

## Al Mal UAE Equity Fund

### Notes to the condensed interim financial statement for the six month period ended 30 June 2023 (continued)

#### 10 Net gain from financial assets at FVTPL

	30 June 2023 AED'000 (Unaudited)	30 June 2022 AED'000 (Unaudited)
Unrealised gain (Note 7)	3,385	1,214
Realised gain	644	2,142
	<u>4,029</u>	<u>3,356</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. 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.

Transactions with related parties during the period are as follows:

	30 June 2023 AED'000 (Unaudited)	30 June 2022 AED'000 (Unaudited)
<b>The Fund Manager</b>		
Management fee expense	392	478
Performance fee expense	469	321
Subscription of redeemable units (3,194,092 units)	5,000	-

Balances with related parties are as follows:

	30 June 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
<b>The Fund Manager</b>		
Management fee payable	57	78
Performance fee payable	469	101

#### 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 assets attributable to holders of redeemable units at the beginning of the period.

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

## Al Mal UAE Equity Fund

### Notes to the condensed interim financial statement for the six month period ended 30 June 2023 (continued)

#### 11 Related parties (continued)

##### 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.

#### 12 Administration fees

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

#### 13 Financial instruments

	30 June 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
<b>Financial assets</b>		
At fair value through profit or loss	42,172	52,747
At amortised cost – cash and cash equivalents	4,767	3,113
At amortised cost - receivables and other assets	493	-
	<u>47,432</u>	<u>55,860</u>
<b>Financial liabilities</b>		
At amortised cost – payables and other liabilities	<u>567</u>	<u>216</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 2023.