

**Riyad USD Diversified Trade Fund**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**  
**Interim Condensed Financial Statements (unaudited)**  
**For the six-month period ended 30 June 2020**  
Together with the  
**Independent Auditor's Review Report to the Unitholders**

**Riyad USD Diversified Trade Fund**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**

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**Interim Condensed Financial Statements (un-audited)**  
**For the six-month period ended 30 June 2020**

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

**TO THE UNITHOLDERS OF  
RIYAD USD DIVERSIFIED TRADE FUND  
Kingdom of Saudi Arabia**

## INTRODUCTION

We have reviewed the accompanying interim statement of financial position of RIYAD USD DIVERSIFIED TRADE FUND (the "Fund") managed by Riyadh Capital (the "Fund Manager") as at 30 June 2020 and the related interim statement of comprehensive (loss) / income, interim statement of changes in net assets (Equity) attributable to the unitholders and interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation 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.

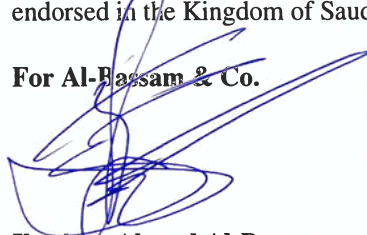
## SCOPE OF REVIEW

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 Al-Bassam & Co.




**Ibrahim Ahmed Al-Bassam  
Certified Public Accountant - License No. 337**

**06 Muharram 1442H  
25 August 2020G  
Riyadh, Kingdom of Saudi Arabia**

**Riyad USD Diversified Trade Fund**  
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**INTERIM STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2020**

		<b>30 June 2020</b> <b>(unaudited)</b>	<b>31 December 2019</b> <b>(audited)</b>
	<b>Note</b>	<b>USD</b>	<b>USD</b>
<b>ASSETS</b>			
Cash Balances	<b>5,8</b>	<b>1,913,310</b>	7,843,611
Investments carried at amortized cost	<b>6</b>	<b>136,757,717</b>	43,316,054
Accrued income		<b>939,697</b>	459,891
<b>Total assets</b>		<b>139,610,724</b>	51,619,556
<b>LIABILITIES</b>			
Accrued fees and other current liabilities	<b>8</b>	<b>149,433</b>	63,973
Redemption payable		<b>33,000</b>	2,399,616
<b>Total liabilities</b>		<b>182,433</b>	2,463,589
<b>Net assets (Equity) attributable to the Unit holders</b>		<b>139,428,291</b>	49,155,967
Units in issue (number)	<b>7</b>	<b>5,218,933.05</b>	1,862,817.78
Net assets (equity) attributable to each unit		<b>26.72</b>	26.39

**Riyad USD Diversified Trade Fund**  
**Open-Ended Fund**  
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**INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**For the six-month period ended 30 June 2020**

		<b>30 June 2020</b> <b>(unaudited)</b>	30 June 2019 <b>(unaudited)</b>
	Note	USD	USD
<b>Income</b>			
Special commission income		<b>1,451,299</b>	204,328
Net realized and unrealized gain from investments measured at FVTPL		-	49,431
		<b>1,451,299</b>	253,759
<b>Expenses</b>			
Fund Management fees	<b>8</b>	<b>(247,037)</b>	(44,970)
Other expenses	<b>8</b>	<b>(14,430)</b>	(4,440)
		<b>(261,467)</b>	(49,410)
<b>Net gain for the period</b>		<b>1,189,832</b>	204,349
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>1,189,832</b>	204,349

**Riyad USD Diversified Trade Fund**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**

**INTERIM STATEMENT OF CHANGES IN NET ASSET (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)**  
**For the six-month period ended 30 June 2020**

	<b>30 June 2020</b> <b>(unaudited)</b>	30 June 2019 <b>(unaudited)</b>
	<b>USD</b>	<b>USD</b>
<b>Net assets (Equity) attributable to the Unit holders at beginning of the period</b>	<b>49,155,967</b>	22,899,430
Net income for the period	<b>1,189,832</b>	204,349
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>1,189,832</b>	204,349
<b>Changes from unit transactions:</b>		
Issuance of units	<b>112,105,663</b>	4,102,659
Redemption of units	<b>(23,023,172)</b>	(658,772)
<b>Net changes from unit transactions</b>	<b>89,082,491</b>	3,443,887
<b>Net assets (Equity) attributable to the Unit holders at end of the period</b>	<b>139,428,290</b>	26,547,666

**Riyad USD Diversified Trade Fund**  
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**INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**For the six-month period ended 30 June 2020**

	Note	30 June 2020 (unaudited)	30 June 2019 (unaudited)
		USD	USD
<b>Cash flows from operating activities:</b>			
Net income for the period		1,189,832	204,349
<b>Net changes in operating assets and liabilities:</b>			
Investments carried at amortized cost		(76,441,663)	(1,389,769)
Accrued income		(479,806)	(5,237)
Accrued fees and other current liabilities		85,461	(17)
<b>Net cash used in operating activities</b>		<b>(75,646,176)</b>	<b>(1,190,674)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of units		112,105,663	4,102,659
Payment for redemptions of the units		(25,389,788)	(658,772)
<b>Net cash from financing activities</b>		<b>86,715,875</b>	<b>3,443,887</b>
<b>Net change in cash and cash equivalent</b>		<b>11,069,699</b>	<b>2,253,213</b>
Cash and cash equivalent at beginning of the period		14,843,611	12,749,970
<b>Cash and cash equivalent at end of the period</b>	5	<b>25,913,310</b>	<b>15,003,183</b>

**Riyad USD Diversified Trade Fund**  
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**Notes to the interim condensed financial statements (unaudited)**

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**For the six-month period ended 30 June 2020**

**1 FUND AND ITS ACTIVITIES**

Riyad USD Diversified Trade Fund (the “Fund”) is a fixed income fund managed through an agreement between Riyadh Capital (the “Fund Manager”) and the Fund Investors (the “Unitholders”). The objective of the Fund is to seek preservation of capital and realize return thereon, mainly through participation in money market instruments denominated in US Dollar.

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.

SAMA’s approval for the establishment of the Fund was granted in its letter dated Rabi Thanni 4, 1409 H (corresponding to 20 November 1988). The Fund commenced its operations on 18 June 1988.

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published CMA on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “amended regulation”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The amended regulation came into effect from 6 Safar 1438 H (corresponding to 6 November 2016).

**2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES**

**2.1 statement of compliance**

These interim condensed financial statements have been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (“SOCPA”).

These interim condensed financial statements do not include all of the information required in annual financial statements and should be read in conjunction with the annual financial statements of the Fund for the year ended 31 December 2019. The results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Assets and liabilities in the interim condensed statement of financial position are presented in the order of liquidity.

**2.2 Basis of measurement**

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for the investments at fair value through profit or loss that are measured at fair value.



**Riyad USD Diversified Trade Fund**

**Open-Ended Fund**

**(Managed by Riyadh Capital)**

**Notes to the interim condensed financial statements (unaudited)**

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**For the six-month period ended 30 June 2020**

**2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES  
(CONTINUED)**

**2.3 Functional and presentation currency**

These interim condensed financial statements are presented in United States Dollar (USD), which is the functional currency of the Fund. All financial information presented has been rounded to the nearest USD.

**2.4 New standards, interpretations and amendments**

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 2019. There are new standards, amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial statements of the Fund.

There are several other 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 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.

**3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

In preparing these interim condensed financial statements, the significant judgments made by the 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 financial statements for the year ended 31 December 2019, except for the estimate described below:

*Measurement of the expected credit loss allowance*

In the preparation of the interim condensed financial statements, management has made certain additional assumptions in the measurement of Expected Credit Loss (ECL). However, in view of the current uncertainty due to COVID-19, any future change in the assumptions and key estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

**4 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES**

On each Valuation day, the Fund Manager charges the Fund, a management fee at the rate of .50% per annum of the Fund's net asset value. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit and legal fees, board compensation and other similar charges. These charges are not expected to exceed in total 0.2 percent per annum of the Fund's net assets value.

In addition, on daily basis the Fund Manager charges the Fund, custody fees at the rate of 0.005% and per annum of the Fund's net asset value respectively.

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**For the six-month period ended 30 June 2020**

**5 CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019 (audited)</b>
		<b>USD</b>	<b>USD</b>
Cash balances	<b>8</b>	<b>1,913,310</b>	7,843,611
Time deposits with original maturity of three months or less	<b>6.2</b>	<b>24,000,000</b>	7,000,000
		<b>25,913,310</b>	14,843,611

**6 INVESTMENTS CARRIED AT AMORTISED COST**

	<b>Note</b>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019 (audited)</b>
<b>Debt securities</b>			
Murabaha	<b>6.2</b>	<b>113,551,537</b>	12,600,000
Sukuk		<b>23,206,178</b>	30,716,054
<b>Total</b>		<b>136,757,717</b>	43,316,054

6.1 The movements of Investments carried at amortized cost comprise as following:

	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019 (audited)</b>
Carrying amount as at beginning of the period / year	<b>43,316,054</b>	15,000,000
Purchase during the period/year	<b>348,257,716</b>	310,548,595
Mature during the period/year	<b>(254,816,053)</b>	(282,232,541)
Carrying amount as at ending of the period / year	<b>136,757,717</b>	43,316,054

6.2 Investments carried at amortized cost comprise of the following:

<b>Description</b>	<b>Maturity</b>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019 (audited)</b>
Time deposits (Murabaha)	Less than 3 months	<b>24,000,000</b>	7,000,000
Time deposits (Murabaha)	3 – 6 months	<b>42,500,000</b>	2,132,945
Time deposits (Murabaha)	7 – over 12 months	<b>47,051,537</b>	3,467,055
		<b>113,551,537</b>	12,600,000

-The above investment carried special commission rate ranging from 0.35% per annum to 6% per annum (2019: 1.7 % per annum to 5.7 % per annum).

-The investments in Sukuk carry a floating commission rate.

- Investments measured at amortized cost is subject to impairment assessment based on ECL model as per IFRS 9. The management has assessed that allowances for ECL is not significant and accordingly not recognized in these interim condensed financial statements.

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**7 UNIT TRANSACTIONS**

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

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<i>(Units in numbers)</i>	
<b>Units at the beginning of the period / year</b>	<b>1,862,817.78</b>	890,011.15
Units issued	<b>4,223,967.08</b>	2,080,706.64
Units redeemed	<b>(867,851.81)</b>	(1,107,900.01)
Net change in units	<b>3,356,115.27</b>	972,806.63
<b>Units at the end of the period / year</b>	<b>5,218,933.05</b>	1,862,817.78

**8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties of the Fund include Riyadh Capital being the Fund Manager and Riyadh Bank (Shareholder of Riyadh Capital) and other funds managed by the Fund Manager.

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 Board of directors.

Other expenses paid by the Fund Manager on behalf of the Fund are charged to the Fund.

Riyad Capital as at 30 June 2019 the amount held therewith, in investments account, was USD **1,913,310** (December 2019: 7,843,611 USD).

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

<b>Related Party</b>	<b>Nature of transactions</b>	<b>Amount of transaction during the period</b>		<b>Closing balance Receivable /(Payable)</b>	
		<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
Riyad Bank	Investments carried at amortized cost	-	5,000,000	-	-
	special commission income	-	1,840	-	-
Riyad Capital	Fund management fee	<b>(247,037)</b>	44,970	<b>(145,722)</b>	(57,201)
	Expenses incurred on behalf of the Fund	<b>(14,430)</b>	4,440	<b>(3,711)</b>	(6,772)

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**9 FINANCIAL INSTRUMENTS BY CATEGORY**

<b>30 June 2020 (unaudited)</b>	<b>Amortized cost</b>	<b>FVTPL</b>
<b>Assets as per statement of financial position</b>	<b>USD</b>	<b>USD</b>
Cash balance	<b>1,913,310</b>	-
Investments carried at amortized cost	<b>136,757,717</b>	-
Accrued income	<b>939,697</b>	-
<b>Total</b>	<b>139,610,724</b>	-

<b>31 December 2019 (audited)</b>	<b>Amortized cost</b>	<b>FVTPL</b>
<b>Assets as per statement of financial position</b>	<b>USD</b>	<b>USD</b>
Cash balance	7,843,611	-
Investments carried at amortized cost	43,316,054	-
Accrued income	459,891	-
<b>Total</b>	<b>51,619,556</b>	-

**10 FAIR VALUE**

All assets and liabilities for which fair value is measured or disclosed in the interim condensed financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 2, 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 amortised cost, at fair value as level 2.

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the end of the reporting period during which the change has occurred. During the period, there was no transfer in fair value hierarchy for the financial assets held at fair value through profit or loss.

Other financial instruments such as, cash balances and accrued income. These are short-term financial assets whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

**Riyad USD Diversified Trade Fund**  
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## **11 FINANCIAL RISK MANAGEMENT**

### **11.1 Financial risk factors**

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.

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 statement of financial position date, Fund has equity investments.

##### *(ii) Commission rate risk*

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

#### **(b) Credit risk**

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk for its cash balance and investments amortized cost as follows:

	<b>30 June 2020</b>	31 December 2019
	<b>(unaudited)</b>	<b>(audited)</b>
Cash balance	<b>1,913,310</b>	7,843,611
Investments measured at amortized cost	<b>136,757,717</b>	43,316,054
Accrued income	<b>939,697</b>	459,891

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on cash balances, investments measured at amortized cost and accrued income is limited as:

- All financial assets of funds held with counterparties with sound credit ratings.
- The fund applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets.

Its Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

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**11 FINANCIAL RISK MANAGEMENT (continued)**

**11.1 Financial risk factors (continued)**

**(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 Thursday, therefore, 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 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 table below summarizes the maturity profile of significant assets and liabilities of the Fund based on expected maturities:

	<b>30 June 2020</b>		
	<b>(unaudited)</b>		
	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Cash balances	<b>1,913,310</b>	<b>-</b>	<b>1,913,310</b>
Investments carried at amortized cost	<b>113,551,537</b>	<b>23,206,178</b>	<b>136,757,715</b>
Accrued income	<b>939,697</b>	<b>-</b>	<b>939,697</b>
<b>TOTAL ASSETS</b>	<b>116,404,544</b>	<b>23,206,178</b>	<b>139,610,722</b>
Accrued fees and other current liabilities	<b>149,433</b>	<b>-</b>	<b>149,433</b>
Redemptions payable	<b>33,000</b>	<b>-</b>	<b>33,000</b>
<b>TOTAL LIABILITIES</b>	<b>182,433</b>	<b>-</b>	<b>182,433</b>

	<b>31 December 2019</b>		
	<b>(audited)</b>		
	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Cash balances	7,843,611	-	7,843,611
Investments carried at amortized cost	12,600,000	30,716,054	43,316,054
Accrued income	459,891	-	459,891
<b>TOTAL ASSETS</b>	<b>20,903,502</b>	<b>30,716,054</b>	<b>51,619,556</b>
Accrued fees and other current liabilities	63,973	-	63,973
Redemptions payable	2,399,616	-	2,399,616
<b>TOTAL LIABILITIES</b>	<b>2,463,589</b>	<b>-</b>	<b>2,463,589</b>

**Riyad USD Diversified Trade Fund**  
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**11 FINANCIAL RISK MANAGEMENT (continued)**

**11.1 Financial risk factors (continued)**

**(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.

**12 LAST VALUATION DAY**

The last valuation day of the period was 30 June 2020 (30 June 2019).

**13 APPROVAL OF THE FINANCIAL STATEMENTS**

These interim condensed financial statements were approved and authorized for issue by the Fund board of director on 25 august 2020 (corresponding to 6 Muharram 1442 H).