

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

**Riyad Balanced Income 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 BALANCED INCOME FUND  
 Kingdom of Saudi Arabia**

## INTRODUCTION

We have reviewed the accompanying interim statement of financial position of RIYAD BALANCED INCOME 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 Balanced Income Fund**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**

**INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2020**

	Note	30 June 2020 (unaudited) SAR	31 December 2019 (audited) SAR
<b>ASSETS</b>			
Cash balances	9	6,594,077	10,583,837
Investments measured at amortized cost	5	3,000,000	3,000,000
Investments measured at fair value through profit or loss (FVTPL)	6	26,511,733	27,269,200
Accrued special commission income		39,702	42,991
Dividend receivable		37,176	-
<b>Total assets</b>		<b>36,182,688</b>	<b>40,896,028</b>
<b>LIABILITIES</b>			
Accrued expenses	9	117,782	141,714
Redemption payable		163,368	-
<b>Total liabilities</b>		<b>281,150</b>	<b>141,714</b>
<b>Net assets (Equity) attributable to the Unit holders</b>		<b>35,901,538</b>	<b>40,754,314</b>
Units in issue (number)	7	2,199,775.73	2,438,548.45
Net assets (Equity) attributable to each unit		16.32	16.71

**Riyad Balanced Income Fund**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**

**INTERIM STATEMENT OF COMPREHENSIVE (LOSS) INCOME**  
**For the six-month period ended 30 June 2020**

	Note	30 June 2020 (unaudited) SAR	30 June 2019 (unaudited) SAR
<b>Income</b>			
Net realized and unrealized (loss) /gain from investments at FVTPL	8	(1,275,827)	3,286,766
Dividend income		462,160	852,649
Special commission income		59,306	104,104
		(754,361)	4,243,519
<b>Expenses</b>			
Fund Management fees	9	(223,742)	(277,092)
Other expenses	9	(18,175)	(21,519)
		(241,917)	(298,611)
<b>Net (loss)/ income for the period</b>		<b>(996,278)</b>	<b>3,944,908</b>
Other comprehensive income		-	-
<b>Total comprehensive( loss) /income for the period</b>		<b>(996,278)</b>	<b>3,944,908</b>

**Riyad Balanced Income Fund**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**

**INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS**

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

	<b>30 June 2020</b> <b>(unaudited)</b>	30 June 2019 (unaudited)
	<b>SAR</b>	<b>SAR</b>
<b>Net assets (Equity) at beginning of the period</b>	<b>40,754,314</b>	43,190,597
Net (loss) /income for the period	<b>(996,278)</b>	3,944,908
Other comprehensive income	-	-
<b>Total comprehensive (loss) /income for the period</b>	<b>(996,278)</b>	3,944,908
<b>Changes from unit transactions:</b>		
Issuance of units	<b>290,480</b>	484,900
Redemption of units	<b>(4,146,978)</b>	(1,361,857)
<b>Net changes from unit transactions</b>	<b>(3,856,498)</b>	(876,957)
<b>Net assets (Equity) at end of the period</b>	<b>35,901,538</b>	46,258,548

**Riyad Balanced Income Fund**  
**Open-Ended Fund**  
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**INTERIM STATEMENT OF CASH FLOWS**  
**For the six-months period ended 30 June 2020**

	Note	30 June 2020 (unaudited) SAR	30 June 2019 (unaudited) SAR
<b>Cash flows from operating activities:</b>			
Net (loss)/ income for the period		(996,278)	3,944,908
<b>Adjustments for:</b>			
Unrealized gains from investments measured at FVTPL	8	(1,053,273)	(2,413,562)
		(2,049,551)	1,531,346
<b>Net changes in operating assets and liabilities:</b>			
Investments measured at fair value through profit or loss (FVTPL)		1,810,740	5,305,344
Accrued special commission income		3,289	(2,124)
Dividend receivable		(37,176)	(4,160)
Accrued expenses		(23,932)	6,277
<b>Net cash (used in)/from operating activities</b>		<b>(296,630)</b>	<b>6,836,683</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of units		290,480	484,900
Payment for redemptions of the units, net off payable		(3,983,610)	(1,361,857)
<b>Net cash used in financing activities</b>		<b>(3,693,130)</b>	<b>(876,957)</b>
<b>Net change in cash balance</b>		<b>(3,989,760)</b>	<b>5,959,726</b>
Cash balance at beginning of the period		10,583,837	3,483,987
<b>Cash balance at end of the period</b>	9	<b>6,594,077</b>	<b>9,443,713</b>

# **Riyad Balanced Income 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**

### **1 FUND AND ITS ACTIVITIES**

The Riyadh Balanced Income Fund (the “Fund”) is a balanced fund managed by Riyadh Capital (the “Fund Manager”) through an agreement with the Fund Investors (the “Unitholders”). The Fund’s objective is to provide capital growth and yearly returns for investors.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Management prepares a separate Financial Statement 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.

Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter number 31562 dated 30 Dhul Qa’dah 1425H (corresponding to 1 January 2005). The Fund commenced its operations on 15 March 2005.

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by (“CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) which was amended on 16 Shaban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia.

### **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”) that is 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 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 carried at fair value through profit or loss that are measured at fair value.



# **Riyad Balanced Income 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**

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 financial statements are presented in Saudi Arabian Riyal (“SAR”) which is the Fund’s functional and presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates

Prevailing at the interim condensed statement of financial position date. Foreign exchange gains and losses, if any, arising from translation are included in the interim condensed statement of comprehensive income.

#### **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 1.25% 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 and administration fees each at the rate of 0.035% per annum and 0.20 % per annum of the Fund’s net asset value respectively.

**Riyad Balanced Income Fund****Open-Ended Fund****(Managed by Riyadh Capital)****Notes to the interim condensed financial statements (unaudited)****For the six-month period ended 30 June 2020****5 INVESTMENTS MEASURED AT AMORTISED COST**

	<b>30 June 2020</b> <b>(unaudited)</b>	<b>31 December 2019</b> <b>(audited)</b>
<b>Sukuk</b>		
ORIED	<b>3,000,000</b>	3,000,000
	<b>3,000,000</b>	3,000,000

**6 INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

The Fund invests primarily in equity of listed Saudi companies. The market value of trading investment portfolio by sector wise is summarized as follows:

	<b>30 June 2020</b> <b>(unaudited)</b>	<b>31 December 2019</b> <b>(audited)</b>
	<b>Market Value</b>	<b>Market Value</b>
Banks	<b>4,747,166</b>	5,717,623
Materials	<b>3,878,399</b>	5,434,298
Telecommunication Services	<b>3,264,426</b>	2,633,973
Health Care Equipment & Svc	<b>3,021,563</b>	457,600
Food & Beverages	<b>1,486,320</b>	-
REITs	<b>1,203,470</b>	209,040
Retailing	<b>1,009,186</b>	1,377,792
Pharma, Biotech & Life Science	<b>573,708</b>	-
Energy	-	1,817,914
Consumer Services	-	1,002,720
Transportation	-	529,250
Capital Goods	-	422,400
Real Estate Development	-	396,150
	<b>19,184,238</b>	19,998,760
<b><u>Mutual Fund:</u></b>		
Riyad Al Mutahafedh Sharia Fund	<b>3,679,959</b>	3,655,940
Riyad SAR Trade Fund	<b>3,647,536</b>	3,614,500
	<b>7,327,495</b>	7,270,440
<b>Total Market value</b>	<b>26,511,733</b>	27,269,200
<b>Total Cost</b>	<b>25,458,460</b>	24,943,833

## Riyad Balanced Income Fund

### Open-Ended Fund

#### (Managed by Riyadh Capital)

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

For the six-month period ended 30 June 2020

#### 7 UNIT TRANSACTIONS

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

	30 June 2020 (unaudited)	31 December 2019 (audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period / year	2,438,548.45	2,840,729.54
Units issued	17,934.28	126,474.77
Units redeemed	(256,707.00)	(528,655.86)
Net change in units	(238,772.72)	(402,181.09)
Units at the end of the period / year	2,199,775.73	2,438,548.45

#### 8 NET REALIZED AND UNREALIZED (LOSS) / GAIN FROM INVESTMENTS AT FVTPL

	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Realized (loss) / gain	(2,329,100)	873,204
Unrealized gain	1,053,273	2,413,562
	(1,275,827)	3,286,766

#### 9 TRANSACTIONS AND BALANCE 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's Board of directors.

As at 30 June 2020 the amount held with Northern Trust in investments account was SAR 6,594,077 (31 December 2019: SAR 10,583,837).

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 Receivable /(Payable)	
		30 June 2020 (unaudited)	30 June 2019 (unaudited)	30 June 2020 (unaudited)	31 December 2019 (audited)
Riyad Capital	Fund management fee	223,742	277,092	(108,393)	(121,894)
	Expenses paid on behalf of the Fund	18,175	21,519	(9,389)	(19,820)

# Riyad Balanced Income Fund

## Open-Ended Fund

(Managed by Riyadh Capital)

Notes to the interim condensed financial statements (unaudited)

For the six-month period ended 30 June 2020

### 10 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2020 (unaudited)	Amortized cost	FVTPL
	SAR	SAR
Assets as per statement of financial position		
Cash balances	6,594,077	-
Investments measured at amortized cost	3,000,000	-
Investments measured at fair value through profit or loss (FVTPL)	-	26,511,733
Accrued special commission income	39,702	-
Dividend receivable	37,176	-
<b>Total</b>	<b>9,670,955</b>	<b>26,511,733</b>

31 December 2019 (audited)	Amortized cost	FVTPL
	SAR	SAR
Assets as per statement of financial position		
Cash balances	10,583,837	-
Investments measured at amortized cost	3,000,000	-
Investments measured at fair value through profit or loss (FVTPL)	-	27,269,200
Accrued special commission income	42,991	-
Dividend receivable	-	-
<b>Total</b>	<b>13,626,828</b>	<b>27,269,200</b>

### 11 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.

The table below presents the financial instruments at their fair values as of 30 June 2020 based on the fair value hierarchy:

	30 June 2020 (unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Mutual funds	-	7,327,495	-	7,327,495
Equity	19,184,238	-	-	19,184,238
<b>Total</b>	<b>19,184,238</b>	<b>7,327,495</b>	<b>-</b>	<b>26,511,733</b>

	31 December 2019 (audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Mutual funds	-	7,270,440	-	7,270,440
Equity	19,998,760	-	-	19,998,760
<b>Total</b>	<b>19,998,760</b>	<b>7,270,440</b>	<b>-</b>	<b>27,269,200</b>

# **Riyad Balanced Income 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**

#### **11 FAIR VALUE (continued)**

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 balance carried at amortized cost. Carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

#### **12 FINANCIAL RISK MANAGEMENT**

##### **12.1 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.

## Riyad Balanced Income Fund

### Open-Ended Fund

#### (Managed by Riyadh Capital)

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

For the six-month period ended 30 June 2020

## 12 FINANCIAL RISK MANAGEMENT (Continued)

### (a) Market risk

#### (ii) Price risk

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June) 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 2020 (unaudited)		31 December 2019 (audited)	
	Potential reasonable change %	Effect On NAV	Potential reasonable change %	Effect on NAV
Banks	+/-1%	47,472	+/-1%	57,176
Materials	+/-1%	38,784	+/-1%	54,343
Riyad Al Mutahafedh Sharia Fund	+/-1%	36,800	+/-1%	36,559
Riyad SAR Trade Fund	+/-1%	36,475	+/-1%	36,145
Telecommunication Services	+/-1%	32,644	+/-1%	26,340
Health Care Equipment & Svc	+/-1%	30,216	+/-1%	4,576
Food & Beverages	+/-1%	14,863	-	-
REITs	+/-1%	12,035	+/-1%	2,090
Retailing	+/-1%	10,092	+/-1%	13,778
Pharma, Biotech & Life Science	+/-1%	5,737	-	-
Energy	+/-1%	-	+/-1%	18,179
Consumer Services	+/-1%	-	+/-1%	10,027
Transportation	+/-1%	-	+/-1%	5,293
Capital Goods	+/-1%	-	+/-1%	4,224
Real Estate Development	+/-1%	-	+/-1%	3,962
Riyad Al Mutahafedh Sharia Fund	+/-1%	36,800	+/-1%	36,559
Riyad SAR Trade Fund	+/-1%	36,475	+/-1%	36,145

#### (iii) 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 carried amortized cost as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
Cash balance	6,594,077	10,583,837
Investments measured at amortized cost	3,000,000	3,000,000
Accrued special commission income	39,702	42,991

## **Riyad Balanced Income 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**

## **12 FINANCIAL RISK MANAGEMENT (continued)**

### **12.1 Financial risk factors (continued)**

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

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 Fund's 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.

#### **(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 expected maturity of the assets and liabilities of the Fund is less than 12 months except investments measured at amortized cost the expected maturity more than year.

#### **(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 LAST VALUATION DAY**

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

## **14 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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