

Riyad Al Jarei 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 Al Jarei Fund
Open-Ended Fund
(Managed by Riyadh Capital)

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

	PAGES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF COMPREHENSIVE (LOSS) INCOME	3
INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS	4
INTERIM STATEMENT OF CASH FLOWS	5
INTERIM CONDENCED NOTES TO THE FINANCIAL STATEMENTS	6- 12

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

**TO THE UNITHOLDERS OF
 RIYAD AL JAREI FUND
 Kingdom of Saudi Arabia**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of RIYAD AL JAREI 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 Al Jarei Fund
Open-Ended Fund
(Managed by Riyadh Capital)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 (unaudited)	31 December 2019 (audited)
	Note	SAR	SAR
ASSETS			
Cash balance	8	833,102	831,571
Investments measured at fair value through profit or loss (FVTPL)	5	18,324,426	26,030,235
Total assets		19,157,528	26,861,806
LIABILITIES			
Accrued expenses	8	7,788	15,395
Total liabilities		7,788	15,395
Net assets (Equity) attributable to the Unit holders			
		19,149,740	26,846,411
Units in issue (number)	6	752,376.34	1,020,939.68
Net assets (Equity) attributable to each unit		25.45	26.29

Riyad Al Jarei Fund
Open-Ended Fund
(Managed by Riyadh Capital)

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

Income		30 June 2020 (unaudited)	30 June 2019 (unaudited)
	Note	SAR	SAR
Net realized and unrealized (loss)/gain from investments measured at FVTPL	7	(563,637)	3,657,499
		(563,637)	3,657,499
Expenses			
Other expenses	8	(9,237)	(9,424)
		(9,237)	(9,424)
Net (loss) / income for the period		(572,874)	3,648,075
Other comprehensive income		-	-
Total comprehensive (loss) /income for the period		(572,874)	3,648,075

Riyad Al Jarei 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

	30 June 2020 (unaudited)	30 June 2019 (unaudited)
	SAR	SAR
Net assets (Equity) at beginning of the period	26,846,411	28,399,465
Net (loss) /income for the period	(572,874)	3,648,075
Other comprehensive income	-	-
Net comprehensive (loss) /income for the period	(572,874)	3,648,075
Changes from unit transactions:		
Issuance of units	2,010,156	1,662,105
Redemption of units	(9,133,953)	(3,904,339)
Net changes from unit transactions	(7,123,797)	(2,242,234)
Net assets (Equity) at end of the period	19,149,740	29,805,306

Riyad Al Jarei Fund
Open-Ended Fund
(Managed by Riyadh Capital)

INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2020

	Note	30 June 2020 (unaudited) SAR	30 June 2019 (unaudited) SAR
Cash flows from operating activities:			
Net (loss)/ income for the period		(572,874)	3,648,075
Adjustments for:			
Unrealized loss /(gain) from investment measured at FVTPL	7	725,329	(3,306,664)
		152,455	341,411
Net changes in operating assets and liabilities:			
Investments measured at fair value through profit or loss (FVTPL)		6,980,480	1,884,207
Accrued expenses		(7,607)	(8,908)
Net cash from operating activities		7,125,328	2,216,710
Cash flows from financing activities:			
Proceeds from issuance of units		2,010,156	1,662,105
Redemptions of the units, net off payable		(9,133,953)	(4,004,339)
Net cash used in financing activities		(7,123,797)	(2,342,234)
Net change in cash balance		1,531	(125,524)
Cash balance at beginning of the period		831,571	600,000
Cash balance at end of the period	8	833,102	474,476

Riyad Al Jarei 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

1 FUND AND ITS ACTIVITIES

The Riyadh Al Jarei Fund (the “Fund”) is a fund of funds managed through an agreement between Riyadh Capital (the “Fund Manager”) and the Fund Investors (the “Unitholders”). The objective of the Fund is to provide the investors with high long-term capital growth by investing around 90 percent in globally diversified equity funds and 10 percent in money market funds.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager 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.

CMA’s approval for the establishment of the Fund was granted in its letter number 3828/MAI/9335 dated 22, Rabi’II, 1423H (corresponding to 3 July 2002). The Fund commenced its operations on 31 December 2002.

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended (the “amended regulation”) on 16 Sha’ban 1437H (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 1438H (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 carried at fair value through profit or loss that are measured at fair value.

Riyad Al Jarei 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

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 statement of financial position date. Foreign exchange gains and losses arising from translation are included in the 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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 recognized in the period in which the estimates are revised and in any future periods affected.

4 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

Management fee is not charged by the Fund Manager; however, a management fee is applicable on the underlying funds, which ranges from 0.5 to 2.33 percent per annum. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit and legal fee and other similar charges. These charges are not expected to exceed in total 0.2 percent per annum of the Fund’s net asset value.

In addition, on each Valuation Day the Fund Manager charges the Fund, custody and administration fees each at the rate of 0.025% and 0.30% per annum of the Fund’s net assets value.

Riyad Al Jarei 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 FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The investments represent the units of open-ended mutual funds managed and administered by the Fund Manager. The Fair value of the investments is summarized as follows:

	30 June 2020 (unaudited) SAR	31 December 2019 (audited) SAR
Riyad Global Income Fund	8,230,375	12,834,255
Riyad International Bond Fund	3,916,898	5,692,179
Riyad American Equity Fund	3,467,374	4,883,438
Riyad European Equity Fund	1,061,359	906,108
Riyad Asian Equity Fund	737,189	718,997
Riyad Japanese Equity Fund	587,333	602,104
Riyad Global Property Fund	206,713	240,151
Riyad Emerging Markets Equity Fund	117,185	153,003
Total fair value	18,324,426	26,030,235
Total Cost	19,049,755	23,772,852

6 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	1,020,939.68	1,270,987.35
Units issued	80,985.76	170,163.90
Units redeemed	(349,549.10)	(420,211.57)
Net change in units	(268,563.34)	(250,047.67)
Units at the end of the period / year	752,376.34	1,020,939.68

7 NET REALIZED AND UNREALIZED (LOSS) /GAIN FROM INVESTMENT AT FVTPL

	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Realized gain	161,692	350,835
Unrealized (loss) / gain	(725,329)	3,306,664
	(563,637)	3,657,499

Riyad Al Jarei 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

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 2020 the amount held therewith, in investments account, was SAR **833,102** (2019: SAR 831,571).

The significant related party transactions entered into by the Fund during the period/year 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	30 June 2019	30 June 2020	31 December 2019
		(unaudited)	(unaudited)	(unaudited)	(audited)
		SAR	SAR	SAR	SAR
Riyad Capital	Expenses incurred on behalf of the Fund	9,237	9,424	(7,788)	(15,395)

9 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2020 (unaudited)	Amortized cost	FVPL
Assets as per statement of financial position	SAR	SAR
Cash balance	833,102	-
Investments measured at fair value through profit or loss (FVTPL)	-	18,324,426
Total	833,102	18,324,426

31 December 2019 (audited)	Amortized cost	FVPL
Assets as per statement of financial position	SAR	SAR
Cash balance	831,571	-
Investments measured at fair value through profit or loss (FVTPL)	-	26,030,235
Total	831,571	26,030,235

Riyad Al Jarei 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 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.

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 2.

Level 2 investments consist of domestic investment funds managed by the company. The Company uses net asset value ("NAV") based on the most recent net asset value published by the relevant funds as a fair value for these investments.

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.

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

Riyad Al Jarei 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

11 FINANCIAL RISK MANAGEMENT (continued)

11.1 Financial risk factors (continued)

(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.

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
Riyad Global Income Fund	+/-1%	82,304	+/-1%	128,343
Riyad International Bond Fund	+/-1%	39,169	+/-1%	56,922
Riyad American Equity Fund	+/-1%	34,674	+/-1%	48,834
Riyad European Equity Fund	+/-1%	10,614	+/-1%	9,061
Riyad Asian Equity Fund	+/-1%	7,372	+/-1%	7,190
Riyad Japanese Equity Fund	+/-1%	5,873	+/-1%	6,021
Riyad Global Property Fund	+/-1%	2,067	+/-1%	2,401
Riyad Emerging Markets Equity Fund	+/-1%	1,172	+/-1%	1,530

(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 amortized cost as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
	SAR	SAR
Cash balance	833,102	831,571

Riyad Al Jarei 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

11 FINANCIAL RISK MANAGEMENT (continued)

11.1 Financial risk factors (continued)

(b) Credit risk

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

Credit risk on cash balances 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.

(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 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).