

RIYAD GLOBAL EQUITY SHARIA FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)
Interim condensed financial statements (Un-audited)
For the six-month period ended 30 June 2021
Together with the
Independent Auditor's Review Report to the Unitholders

RIYAD GLOBAL EQUITY SHARIA FUND
Open-Ended Fund
(Managed by Riyadh Capital)
Interim Condensed Financial Statements (Un-audited)
For the Six-months period ended 30 June 2021

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

**TO THE UNITHOLDERS OF
RIYAD GLOBAL EQUITY SHARIA FUND
Kingdom of Saudi Arabia**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of RIYAD GLOBAL EQUITY SHARIA FUND (the "Fund") managed by Riyadh Capital (the "Fund Manager") as at 30 June 2021 and the related interim statements of comprehensive income, changes in net assets (Equity) attributable to the unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory. 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.

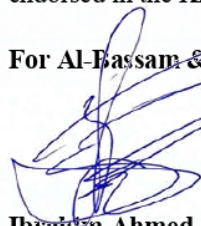
SCOPE OF REVIEW

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**

**10 Muharram 1443H
18 August 2021G
Riyadh, Kingdom of Saudi Arabia**

RIYAD GLOBAL EQUITY SHARIA FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(Amounts in US Dollars)

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
ASSETS			
Investments carried at fair value through profit or loss (FVPL)	6	35,047,359	31,166,416
Total assets		35,047,359	31,166,416
LIABILITIES			
Accrued expenses		26,851	31,878
Total liabilities		26,851	31,878
Net assets (equity) attributable to the unit holders		35,020,508	31,134,538
Units in issue (number)	7	888,904.88	920,642.31
Net assets attributable to each unit		39.40	33.82

RIYAD GLOBAL EQUITY SHARIA FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)

INTERIM STATEMENT OF COMPREHENSIVE INCOME / (LOSS) (UN-AUDITED)

For the six-month period ended 30 June 2021

(Amounts in US Dollars)

	Note	30 June 2021	30 June 2020
<u>Investment income</u>			
Net gain / (loss) from investments carried at FVPL	8	5,081,352	(1,221,027)
		5,081,352	(1,221,027)
<u>Expenses</u>			
Other expenses	9	(54,450)	(45,273)
		(54,450)	(45,273)
Net income / (loss) for the period		5,026,902	(1,266,300)
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		5,026,902	(1,266,300)

RIYAD GLOBAL EQUITY SHARIA FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS (UN-AUDITED)

For the six-month period ended 30 June 2021

(Amounts in US Dollars)

	30 June 2021	30 June 2020
Net assets (equity) attributable to the Unit holders at the beginning of the period	31,134,538	29,679,861
Total comprehensive income / (loss) for the period	5,026,902	(1,266,300)
Contributions and redemptions by the unitholders		
Issuance of units	1,318,156	2,863,288
Redemption of units	(2,459,088)	(4,687,683)
Net changes from unit transactions	(1,140,932)	(1,824,395)
Net assets (equity) attributable to the Unit holders at the end of the period	35,020,508	26,589,166

RIYAD GLOBAL EQUITY SHARIA FUND**Open-Ended Mutual Fund****(Managed by Riyadh Capital)****INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)****For the six-month period ended 30 June 2021****(Amounts in US Dollars)**

	Note	30 June 2021	30 June 2020
Cash flows from operating activities:			
Net income / (loss) for the period		5,026,902	(1,266,300)
Adjustments for:			
Unrealized (gain) / loss from investments carried at FVPL	8	(4,906,671)	863,098
		120,231	(403,202)
Net changes in operating assets and liabilities:			
Investments carried at FVPL		1,025,728	2,231,804
Accrued expenses		(5,027)	(4,207)
Net cash from operating activities		1,140,932	1,824,395
Cash flows from financing activities:			
Proceeds from issuance of units		1,318,156	2,863,288
Redemptions of the units		(2,459,088)	(4,687,683)
Net cash used in financing activities		(1,140,932)	(1,824,395)
Net changes in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the period		-	-
Cash and cash equivalents at end of the period		-	-

RIYAD GLOBAL EQUITY SHARIA FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)
Notes to the interim condensed financial statements (Un-audited)
For the six-month period ended 30 June 2021

(All amounts in USD unless otherwise stated)

1 FUND AND ITS ACTIVITIES

The Riyad Global Equity Sharia Fund (the “Fund”) is an equity fund managed through an agreement between Riyad Capital (the “Fund Manager”) and the fund investors (the “Unitholders”). The objective of the Fund is to provide capital growth through investments in international equities, which comply within the criteria set by the Sharia Committee.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund’s Management 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. Accordingly, pursuant to an agreement, dated 1 March 1999, JP Morgan International acts as the Sub Fund Manager and custodian of the Fund.

Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter number BCR/1952 dated 4 Rabi’II 1419 H (corresponding to 27 July 1998). The Fund commenced its operations on 17 May 1999.

2 REGULATING AUTHORITY

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 were amended on 16 Shaban 1437H (corresponding to 23 May 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using accrual basis of accounting except for investments carried at fair value through profit or loss which are carried at fair value. The Fund presents its interim statement of financial position in the order of liquidity.

3.3 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 interim condensed financial statements are presented in US Dollar (“USD”) which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into USD using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into USD using the exchange rates prevailing at the interim statement of financial position date. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive income / (loss).

3 BASIS OF PREPARATION (CONTINUED)

3.4 Critical accounting estimates and assumptions

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Going Concern

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern.

4 SIGNIFICANT ACCOUNTING POLICIES

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 2020. Certain new standards, amendments and interpretations apply for the first time in 2021, 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's 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.

5 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

On each valuation day, the sub fund manager charges the fund, a management fee at the rate of 1.75 % per annum of the fund's net assets value. In addition, on daily basis the administrator and custodian charge the fund, custody and administration fees at the rate from 0.005 % to 0.60 % per annum and 0.20 % per annum respectively of the fund's net assets value. The net assets value of the fund being sub-managed and reported by the sub-manager to the fund manager, is net of the above-mentioned management fees.

The fund manager also recovers from the fund any other expenses incurred on behalf of the Fund such as audit and legal fees, and other similar charges. These charges are not expected to exceed in total 0.20 % per annum of the Fund's net assets value.

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(All amounts in USD unless otherwise stated)

6 INVESTMENTS CARRIED AT FVPL

To date the Fund has invested exclusively with JP Morgan International (Sub-Manager). The investment carried at FVPL is summarized as follows:

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
Number of units	862,315.65	895,012.40
Net Assets Value per unit	40.64	34.82
Total market value	35,047,359	31,166,416
Total cost	30,140,688	26,470,043

7 UNIT TRANSACTIONS

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

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period / year	920,642.31	1,027,357.85
Units issued during the period / year	35,586.38	116,225.40
Units redeemed during the period / year	(67,323.81)	(222,940.94)
Net change in units	(31,737.43)	(106,715.54)
Units at the end of the period / year	888,904.88	920,642.31

8 NET GAIN / (LOSS) FROM INVESTMENTS CARRIED AT FVPL

	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
Realized gain / (loss) from sale of investments carried at FVPL	174,681	(357,929)
Unrealized gain / (loss) from revaluation of investments carried at FVPL	4,906,671	(863,098)
	5,081,352	(1,221,027)

9 OTHER EXPENSES

	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
Admin fee	32,366	27,316
Custody fee	10,797	13,658
VAT expense	6,973	2,108
Other expenses	4,314	2,191
	54,450	45,273

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10 TRANSACTIONS AND BALANCE WITH RELATED PARTIES

Related parties of the Fund include “Riyad Capital” being the Fund Manager and Riyadh Bank (being the shareholder of Riyadh Capital).

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.

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

Related party	Nature of transactions	Amount of transaction during the period		Closing balance payable	
		30 June 2021 (Un-audited)	30 June 2020 (Un-audited)	30 June 2021 (Un-audited)	31 December 2020 (Un-Audited)
Riyad Capital	Admin fee *	(32,366)	(27,316)	(16,573)	(14,908)
	Custody fee *	(10,797)	(13,658)	(2,900)	(7,454)
	VAT on Admin *	(4,855)	(1,366)	(2,486)	(2,236)
	VAT on Custody *	(1,620)	(683)	(435)	(1,118)

* Admin fees payables, custody fees payables and the related VAT payables are included in the interim statement of financial position under accrued expenses.

11 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2021 (Un-Audited)	31 December 2020 (Un-Audited)
Assets as per interim statement of financial position		
Investments carried at FVPL	35,047,359	31,166,416
Total	35,047,359	31,166,416

All financial liabilities as at 30 June 2021 (Un-audited) and 31 December 2020 (Audited) were classified as financial liabilities carried at amortized cost.

12 FINANCIAL RISK MANAGEMENT

12.1 Financial risk factors

The objective of the Fund is to safeguard its ability to continue as a going concern so that it can continue to provide optimum returns to its Unit Holders and to ensure reasonable safety to the Unit Holders.

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.

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12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 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 interim statement of financial position date, Fund has equity investments in Investee Funds.

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June 2021 (Un-audited) and 31 December 2020 (Audited) 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 (Un-audited)		31 December 2020 (Audited)	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Investments in JP Morgan International	1%	350,474	1%	311,664

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at the date of interim statement of financial position, the Fund does not have any significant financial assets that are subject to credit risk.

(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 from Monday to Wednesday, therefore, it is exposed to the liquidity risk of meeting Unit Holder redemptions on these days. The Fund's financial liabilities primarily consist of accrual expenses which are expected to be settled within one month from the interim 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 Unit Holders.

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.2 Fair value estimation

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying values of the Fund's financial instruments carried at amortized cost are assumed to approximate their fair values.

The Fund classifies its financial instruments in the following levels of fair value hierarchy:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The Fund financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investment carried at FVPL	Net Asset Value	N/A	N/A

Valuation technique for calculating the fair value of investments under Level 2 comprises of determining the net asset value per unit of the investee funds which is based on observable market data.

13 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation for the current period.

14 SUBSEQUENT EVENTS

As of the date of approval of these interim condensed interim financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these interim condensed financial statements.

15 LAST VALUATION DAY

The last valuation day for the period was 30 June 2021 (31 December 2020).

16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund's Board of Directors on 17 August 2021 (corresponding to 9 Muharram 1443H).