

**RIYAD BLUE CHIP EQUITY FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyad Capital)**  
**Interim condensed financial information (Un-audited)**  
**For the six-months period ended 30 June 2022**  
Together with the  
**Independent Auditor's Review Report to the Unitholders**

**RIYAD BLUE CHIP EQUITY FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyad Capital)**  
**Interim Condensed Financial Information (Un-audited)**  
**For the period ended 30 June 2022**

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**RIYAD BLUE CHIP EQUITY FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**(Amounts in Saudi Arabian Riyals)**

	Note	As at 30 June 2022 (Un-audited)	As at 31 December 2021 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	6	45,269,489	58,539,649
Investments carried at fair value through profit or loss (FVPL)	7	785,695,815	1,037,937,743
<b>Total assets</b>		<b>830,965,304</b>	<b>1,096,477,392</b>
<b>LIABILITIES</b>			
Fund management fees payable	11	158,705	7,265,814
Accrued expenses		133,561	1,279,214
Redemption payable		-	42,276,569
<b>Total liabilities</b>		<b>292,266</b>	<b>50,821,597</b>
<b>Equity attributable to the unit holders</b>		<b>830,673,038</b>	<b>1,045,655,795</b>
Units in issue (number)	8	9,161,633.83	12,527,019.58
<b>Equity attributable to each unit</b>		<b>90.67</b>	<b>83.47</b>

The accompanying notes 1 to 15 form an integral part of this interim condensed financial information.

**RIYAD BLUE CHIP EQUITY FUND**  
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**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**

**For the six-month period ended**

**(Amounts in Saudi Arabian Riyals)**

	Note	<b>30 June 2022</b>	30 June 2021
<b><u>Investment income</u></b>			
Net gain from investments carried at FVPL	9	<b>83,080,411</b>	505,281,363
Dividend income		<b>9,062,410</b>	33,561,794
		<b>92,142,821</b>	538,843,157
<b><u>Expenses</u></b>			
Fund management fees	11	<b>(7,899,982)</b>	(18,458,813)
Other expenses	10	<b>(1,437,126)</b>	(2,783,947)
		<b>(9,337,108)</b>	(21,242,760)
<b>Net income for the period</b>		<b>82,805,713</b>	517,600,397
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>82,805,713</b>	517,600,397

The accompanying notes 1 to 15 form an integral part of this interim condensed financial information.

**RIYAD BLUE CHIP EQUITY FUND**  
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**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)**  
**For the six-month period ended**  
**(Amounts in Saudi Arabian Riyals)**

	<u>30 June 2022</u>	<u>30 June 2021</u>
<b>Equity attributable to the Unitholders at the beginning of the period</b>	<b>1,045,655,795</b>	1,898,838,355
Net income for the period	<b>82,805,713</b>	517,600,397
<b>Total comprehensive income for the period</b>	<b>82,805,713</b>	517,600,397
<b>Subscriptions and redemptions by the Unitholders</b>		
Issuance of units	<b>3,945,672</b>	1,591,909
Redemption of units	<b>(301,734,142)</b>	(111,618,158)
<b>Net changes from unit transactions</b>	<b>(297,788,470)</b>	(110,026,249)
<b>Equity attributable to the Unitholders at the end of the period</b>	<b>830,673,038</b>	2,306,412,503

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**RIYAD BLUE CHIP EQUITY FUND**  
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)**

**For the six-month period ended**

**(Amounts in Saudi Arabian Riyals)**

	Note	<u>30 June 2022</u>	<u>30 June 2021</u>
<b>Cash flows from operating activities:</b>			
<b>Net income for the period</b>		<b>82,805,713</b>	517,600,397
Adjustments for:			
Unrealized gain from investments carried at FVPL	9	<u>(22,691,710)</u>	(463,450,229)
		<b>60,114,003</b>	54,150,168
<b>Net changes in operating assets and liabilities:</b>			
Investments carried at FVPL		<b>274,933,638</b>	88,965,245
Dividend receivable		-	(2,281,413)
Management fees payable		<b>(7,107,109)</b>	1,704,941
Accrued expenses		<u>(1,145,653)</u>	248,652
<b>Net cash from operating activities</b>		<b>326,794,879</b>	142,787,593
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of units		<b>3,945,672</b>	1,591,909
Redemptions of the units		<u>(344,010,711)</u>	(110,313,369)
<b>Net cash used in financing activities</b>		<b>(340,065,039)</b>	(108,721,460)
<b>Net changes in cash and cash equivalents</b>		<b>(13,270,160)</b>	34,066,133
Cash and cash equivalents at beginning of the period		<b>58,539,649</b>	27,939,478
<b>Cash and cash equivalents at end of the period</b>		<b>45,269,489</b>	62,005,611

The accompanying notes 1 to 15 form an integral part of this interim condensed financial information.

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**Notes to the interim condensed financial information (un-audited)**  
**For the six-month period ended 30 June 2022**

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**(All amounts in Saudi Arabian Riyals unless otherwise stated)**

## **1 FUND AND ITS ACTIVITIES**

The Riyadh Blue Chip Equity Fund (the “Fund”) is an equity fund portfolio managed through an agreement between Riyadh Capital (the “Fund Manager”) and the investors in the Fund (the “Unitholders”). The Fund invests primarily in blue chip companies with some investments in strong and promising smaller companies’ shares to maximize returns. The Fund Manager aims at outperforming the Fund benchmark.

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.

The Fund commenced its activities on 31 December 2000, where the terms and conditions of the Fund were originally approved by the Saudi Central Bank (SAMA). On 20 December 2008, the terms and conditions of the fund were approved by the Capital Markets Authority (CMA) through their letter dated 12 Dhul Hijja 1429H (corresponding to 20 December 2008).

## **2 REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the Capital Market Authority (CMA) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) as amended by resolution of the CMA Board on 12 Rajab 1442H (corresponding to 24 February 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia.

## **3 BASIS OF PREPARATION**

### **3.1 Statement of compliance**

This interim condensed financial information of the Fund has 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 issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Fund’s last annual financial statement for the year ended 31 December 2021. The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

### **3.2 Basis of measurement**

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

### **3.3 Functional and presentation currency**

Items included in the interim condensed financial information are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). This interim condensed financial information is 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 date of the interim condensed statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim condensed statement of comprehensive income.

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**3 BASIS OF PREPARATION (CONTINUED)**

**3.4 Critical accounting judgments, estimates and assumption**

The preparation of the interim condensed financial information 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.

There are no significant estimates or judgements involved in the preparation of financial information that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period. The Fund based its assumptions and estimates on parameters available when the interim condensed financial information was 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 this interim condensed financial information is consistent with those used and disclosed in the annual financial information of the Fund for the year ended 31 December 2021. Certain new standards, amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed financial information of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial information. In the opinion of the Fund's Board, these will have no significant impact on the interim condensed financial information of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

**New standards, interpretations and amendments adopted by the Fund**

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Fund's interim condensed financial information.

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

The listing of standards and interpretations issued, which the Fund reasonably expects to be applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective.

<b>Standard/ Interpretation</b>	<b>Description</b>	<b>Effective from periods beginning on or after</b>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	Disclosure of Accounting Policies	1 January 2023
IFRS 17, 'Insurance contracts'	New Insurance standard	1 January 2023
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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**5 MANAGEMENT FEE, AND OTHER CHARGES**

On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 1.5% (2021: 1.5%) per annum of the Fund's net assets value. In addition, on a daily basis the Fund Manager charges the Fund, custody and administration fees each at the rate of 0.035% (2021: 0.035%) and 0.2% (2021: 0.2%) 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, and other similar charges. These charges are not expected to exceed in total 0.2% (2021: 0.2%) per annum of the Fund's net assets value.

**6 CASH AND CASH EQUIVALENTS**

	<u>Notes</u>	<u>30 June 2022 (Un-audited)</u>	<u>31 December 2021 (Audited)</u>
Cash in investment account	6.1	<b>45,269,489</b>	58,539,649
		<b>45,269,489</b>	58,539,649

**6.1** Cash in investment account is held in an investment account with HSBC Saudi Arabia. The Fund does not earn profit on these investment accounts.

**7 INVESTMENTS CARRIED AT FVPL**

The Fund invests primarily in equity securities of listed Saudi companies. The sector-wise portfolio of investments carried at FVPL is summarized as follows:

	<u>30 June 2022 (Un-audited)</u>	<u>31 December 2021 (Audited)</u>
Banks	<b>438,001,593</b>	507,909,632
Materials	<b>92,206,903</b>	234,217,090
Energy	<b>77,314,548</b>	97,207,167
Software & Services	<b>40,966,789</b>	13,916,449
Real Estate Management and Development	<b>40,819,004</b>	6,807,200
Telecommunication Services	<b>39,018,357</b>	86,659,873
Health Care Equipment and Services	<b>28,629,772</b>	11,353,832
Food & Staples Retail	<b>20,761,529</b>	-
Retailing	<b>7,977,320</b>	18,878,040
Utilities	-	45,653,725
Media and entertainment	-	15,334,735
<b>Total market value</b>	<b>785,695,815</b>	1,037,937,743
<b>Total cost</b>	<b>763,004,105</b>	772,709,234

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The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June 2022 (Un-audited) and 31 December 2021 (Audited) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	<b>30 June 2022</b>		<b>31 December 2021</b>	
	<b>(Un-audited)</b>		<b>(Audited)</b>	
	<b>Potential reasonable change %</b>	<b>Effect on Equity</b>	<b>Potential reasonable change %</b>	<b>Effect on Equity</b>
Banks	1%	<b>4,380,016</b>	1%	5,079,096
Materials	1%	<b>922,069</b>	1%	2,342,171
Energy	1%	<b>773,145</b>	1%	972,072
Software and services	1%	<b>409,668</b>	1%	139,164
Real Estate management and development	1%	<b>408,190</b>	1%	68,072
Telecommunication services	1%	<b>390,184</b>	1%	866,599
Health care equipment	1%	<b>286,298</b>	1%	113,538
Food and staples retailing	1%	<b>207,615</b>	1%	-
Retailing	1%	<b>79,773</b>	1%	188,780
Utilities	1%	-	1%	456,537
Media and entertainment	1%	-	1%	153,347

## 8 UNIT TRANSACTIONS

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<i>(Units in numbers)</i>	
<b>Units at the beginning of the period / year</b>	<b>12,527,019.58</b>	32,357,950.26
Units issued during the period / year	<b>39,689.49</b>	63,722.44
Units redeemed during the period / year	<b>(3,405,075.24)</b>	(19,894,653.12)
<b>Net change in units</b>	<b>(3,365,385.75)</b>	(19,830,930.68)
<b>Units at the end of the period / year</b>	<b>9,161,633.83</b>	12,527,019.58

## 9 NET GAIN FROM INVESTMENTS CARRIED AT FVPL

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
Realized gain from sale of investments carried at FVPL	<b>60,388,701</b>	41,831,134
Unrealized gain from revaluation of investments carried at FVPL	<b>22,691,710</b>	463,450,229
	<b>83,080,411</b>	505,281,363

## 10 OTHER EXPENSES

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
VAT Expenses	<b>1,210,623</b>	2,770,310
Other Expenses	<b>226,503</b>	13,637
	<b>1,437,126</b>	2,783,947

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**For the six-month period ended 30 June 2022**  


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**11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties of the Fund include “Riyad Capital” being the Fund Manager, “Riyad Bank” being the shareholder of Riyadh Capital, other funds managed by the Fund Manager and the Fund’s Board of Directors.

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 period and the balances resulting from such transactions are as follows:

Related party	Nature of transactions	Amount of transaction during the period		Closing balance (payable) / receivable	
		30 June 2022 (Un-audited)	30 June 2021 (Un-audited)	30 June 2022 (Un-audited)	31 December 2021 (Audited)
Riyad Capital	Fund management fee	(7,899,982)	(18,458,813)	(158,705)	(7,265,814)
	Accrued VAT*	(1,210,623)	(2,770,310)	(37,637)	(1,089,872)

\*Accrued VAT to related party is included in the financial position under Accrued expenses.

**12 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 value less impairment provision of financial instruments carried at amortized cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

- 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.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, includes active listed equity. The Fund does not adjust the quoted price for these instruments.

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 1.

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**13 SUBSEQUENT EVENTS**

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

**14 LAST VALUATION DAY**

The last valuation day for the purposes of preparation of this interim condensed financial information is 30 June 2022 (31 December 2021).

**15 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION**

This interim condensed financial information was approved and authorized for issue by the Fund's Board on 10 August 2022 (corresponding to 12 Muharram 1444H).