

RIYAD AL JAREI SHARIA 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 AL JAREI SHARIA FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
Interim Condensed Financial Information (Un-audited)
For the period ended 30 June 2022

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Report on review of Interim Condensed Financial Information

To the Unitholders and the Fund Manager of
Riyad Al Jarei Sharia Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Riyadh AlJarei Sharia Fund (the "Fund") as of 30 June 2022 and the related interim condensed statements of comprehensive income, changes in equity attributable to the unitholders and cash flows for the six-month period then ended and other explanatory notes. Fund Manager is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, as 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 information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Bader A. Benmohareb
License Number 471

15 August 2022
(17 Muharram 1444H)



RIYAD AL JAREI SHARIA FUND
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(Amounts in Saudi Arabian Riyal)

	Note	As at 30 June 2022 (Un-audited)	As at 31 December 2021(Audited)
ASSETS			
Cash and cash equivalents	6,11	677,638	7,569,052
Investments carried at fair value through profit or loss (FVPL)	7	50,766,526	58,117,167
Total assets		51,444,164	65,686,219
LIABILITIES			
Accrued expenses		76,535	100,320
Redemption payable		251,102	-
Total liabilities		327,637	100,320
Equity attributable to the Unitholders		51,116,527	65,585,899
Units in issue (number)	8	1,578,819.65	1,679,570.54
Equity attributable to each unit		32.38	39.05

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

RIYAD AL JAREI SHARIA FUND
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(Managed by Riyadh Capital)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the six-month period ended
(Amounts in Saudi Arabian Riyal)

	Note	<u>30 June 2022</u>	<u>30 June 2021</u>
<u>Investment income</u>			
Net (loss) / gain from investments carried at FVPL	9	<u>(10,344,394)</u> (10,344,394)	<u>6,804,219</u> 6,804,219
<u>Expenses</u>			
Other expenses	10	<u>(401,907)</u> (401,907)	<u>(18,111)</u> (18,111)
Net (loss) / income for the period		<u>(10,746,301)</u>	<u>6,786,108</u>
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		<u>(10,746,301)</u>	<u>6,786,108</u>

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

RIYAD AL JAREI SHARIA FUND
Open-Ended Mutual 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 Riyal)

	<u>30 June 2022</u>	<u>30 June 2021</u>
Equity attributable to the Unitholders at the beginning of the period	65,585,899	45,656,695
Total comprehensive (loss) / income for the period	(10,746,301)	6,786,108
Subscriptions and redemptions by the Unitholders		
Issuance of units	708,501	3,581,791
Redemption of units	(4,431,572)	(2,065,443)
Net changes from unit transactions	(3,723,071)	1,516,348
Equity attributable to the Unitholders at the end of the period	51,116,527	53,959,151

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RIYAD AL JAREI SHARIA FUND
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six-month period ended
(Amounts in Saudi Arabian Riyal)

	Note	<u>30 June 2022</u>	<u>30 June 2021</u>
Cash flows from operating activities:			
Net (loss) / income for the period		(10,746,301)	6,786,108
Adjustments for:			
Unrealized loss / (gain) from investments carried at FVPL	9	<u>8,259,892</u>	<u>(6,594,368)</u>
		(2,486,409)	191,740
Net changes in operating assets and liabilities:			
Investments carried at FVPL		(909,251)	(1,303,339)
Accrued expenses		<u>(23,785)</u>	<u>(7,106)</u>
Net cash used in operating activities		<u>(3,419,445)</u>	<u>(1,118,705)</u>
Cash flows from financing activities:			
Proceeds from issuance of units		708,501	3,581,791
Redemptions of the units		<u>(4,180,470)</u>	<u>(1,994,120)</u>
Net cash (used in) / generated from financing activities		<u>(3,471,969)</u>	<u>1,587,671</u>
Net changes in cash and cash equivalents		(6,891,414)	468,966
Cash and cash equivalents at beginning of the period		7,569,052	192,244
Cash and cash equivalents at end of the period		<u>677,638</u>	<u>661,210</u>

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

RIYAD AL JAREI SHARIA FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
Notes to the interim condensed financial information (Un-audited)
For the six-month period ended 30 June 2022

(All amounts in Saudi Arabian Riyal unless otherwise stated)

1 FUND AND ITS ACTIVITIES

The Riyad Al Jarei Sharia Fund (the “Fund”) is a fund of funds managed through an agreement between Riyadh Capital (the “Fund Manager”) and the investors in the Fund (the “Unitholders”). The Fund is an open-ended public holding fund that invests underlying funds of various asset classes which are compliant with Shariah regulations. The objective of the fund is to provide investors with high long-term capital growth by investing on average 80% in local and global equity funds while on average 20% of the fund are invested in fixed income and money market funds. The fund exhibits a high risk profile.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial information 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 31 December 2002, 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 CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) as amended by resolution of 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 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.

3.5 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

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments adopted by the Fund (continued)

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.

Standard/ Interpretation	Description	Effective from periods beginning on or after
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

5 MANAGEMENT FEE, AND OTHER CHARGES

On each Valuation Day, the fund manager receives a management fee of 0.85% in addition to the management fees taken by investing in other funds, whose management fees range from 0.50% to 2.33% (2021: ranging from 0.50% to 2.33%) annually. 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 0.20% (2021: 0.20%) per annum of the Fund's net assets value

In addition, on a daily basis, the fund manager and custodian charge the fund custody fees and administrative expenses at the rate of 0.02% and 0.30%, respectively, annually of the fund's net asset value.

6 CASH AND CASH EQUIVALENTS

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
Cash in investment account	6.1, 11	677,638	7,569,052
		677,638	7,569,052

6.1 Cash in investment account is held in an investment account with Riyadh Capital, a related party which is used to accept subscription and redemption The Fund does not earn profit on these investment accounts

7 INVESTMENTS CARRIED AT FVPL

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 2022 (Un-audited)	31 December 2021 (Audited)
International Mutual Funds	31,040,482	28,851,430
Riyad Saudi Equity Sharia Fund	7,427,512	10,921,056
Riyad USD Diversified Trade Fund	6,380,042	-
Riyad SAR Diversified Trade Fund	5,918,490	5,834,329
Riyad Global Equity Sharia Fund	-	12,510,352
Total market value	50,766,526	58,117,167
Total cost	59,026,418	54,348,315

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7 INVESTMENTS CARRIED AT FVPL (CONTINUED)

The effect on the equity 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:

	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	Potential reasonable change %	Effect on Equity	Potential reasonable change %	Effect on Equity
International Mutual Funds	1%	310,405	1%	288,514
Riyad Saudi Equity Sharia Fund	1%	74,275	1%	109,211
Riyad USD Diversified Trade Fund	1%	63,800	1%	-
Riyad SAR Diversified Trade Fund	1%	59,185	1%	58,343
Riyad Global Equity Sharia Fund	1%	-	1%	125,104
		507,665		581,172

8 UNIT TRANSACTIONS

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

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period / year	1,679,570.54	1,388,838.24
Units issued during the period / year	19,822.44	598,149.64
Units redeemed during the period / year	(120,573.33)	(307,417.34)
Net change in units	(100,750.89)	290,732.30
Units at the end of the period / year	1,578,819.65	1,679,570.54

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

	30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
Realized (loss)/gain from sale of investments carried at FVPL	(2,084,502)	209,851
Unrealized (loss)/gain from revaluation of investments carried at FVPL	(8,259,892)	6,594,368
	(10,344,394)	6,804,219

10 OTHER EXPENSES

	30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
Management & Administrative fees	330,617	2,504
Custody fees	5,715	93
VAT expenses	51,938	1,877
Other expenses	13,637	13,637
	401,907	18,111

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11 TRANSACTIONS AND BALANCES WITH RELATED PARTY

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	30 June 2021	30 June 2022 (Un-audited)	31 December 2021 (Un-audited)
Riyad Capital	Investment account	-	-	677,638	7,569,052
	Admin fee	330,617	2,504	(50,646)	(48,313)
	Accrued VAT*	51,938	1,877	(9,497)	(9,908)

*Accrued VAT to related party is included under accrued expenses in the interim condensed statement of financial position.

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 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, in level 2 of the fair value hierarchy.

The Fund’s 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
Investments carried at FVPL	Net Asset Value provided by the fund manager	N/A	N/A

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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).