

RIYAD AL JAREI FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
Interim condensed financial information
for the six-month period ended 30 June 2023
Together with the
Independent Auditor's Review Report to the
Unitholders and the Fund Manager

RIYAD AL JAREI FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)

Interim Condensed Financial Information
For the period ended 30 June 2023

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Report on review of Interim Condensed Financial Information

To the Unitholders and the Fund Manager of Riyadh Al Jarei Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Riyadh Al Jarei Fund (the "Fund") as of 30 June 2023 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. The 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

Khalid A. Mahdhar
License Number 368

8 August 2023
(21 Muharram 1445H)



RIYAD AL JAREI FUND
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Arabian Riyal unless otherwise stated)

	Note	As at 30 June 2023 (Un-audited)	As at 31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	6	365,507	959,900
Investments carried at fair value through profit or loss (FVPL)	7	23,369,262	20,660,793
Total assets		23,734,769	21,620,693
LIABILITIES			
Management fees payable	11	26,650	3,350
Other accrued expenses		36,222	34,668
Redemptions payable		144,458	31,404
Total liabilities		207,330	69,422
Equity attributable to the Unit holders		23,527,439	21,551,271
Units in issue (number)	8	750,350.94	753,322.62
Equity attributable to each unit		31.36	28.61

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

RIYAD AL JAREI FUND
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(All amounts in Saudi Arabian Riyal unless otherwise stated)

	Note	For the six-month period ended	
		30 June 2023	30 June 2022
Income / (Loss)			
Net gain / (loss) from investments carried at FVPL	9	2,213,160	(2,946,481)
Dividend income		71,419	90,536
Total income / (loss)		2,284,579	(2,855,945)
Expenses			
Management fees	11	(129,987)	-
Other expenses	10	(63,433)	(179,273)
Total expenses		(193,420)	(179,273)
Net income / (loss) for the period		2,091,159	(3,035,218)
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		2,091,159	(3,035,218)

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

RIYAD AL JAREI FUND
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

(All amounts in Saudi Arabian Riyal unless otherwise stated)

	For the six-month period ended	
	30 June 2023	30 June 2022
Equity attributable to the Unit holders at the beginning of the period (Audited)	21,551,271	25,243,706
Total comprehensive income/(loss) for the period	2,091,159	(3,035,218)
Subscriptions and redemptions by the unitholders		
Issuance of units	2,713,331	3,744,222
Redemption of units	(2,828,322)	(3,282,731)
Net change from unit transactions	(114,991)	461,491
Equity attributable to the Unit holders at the end of the period (Un-audited)	23,527,439	22,669,979

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

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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

(All amounts in Saudi Arabian Riyal unless otherwise stated)

	Note	For the six-month period ended	
		30 June 2023	30 June 2022
Cash flows from operating activities:			
Net income / (loss) for the period		2,091,159	(3,035,218)
Adjustments for:			
Unrealized (gain) / loss on investments carried at FVPL	9	(2,030,297)	2,775,755
		<u>60,862</u>	<u>(259,463)</u>
Net changes in operating assets and liabilities:			
Investments carried at FVPL		(678,172)	(3,521,250)
Management fees payable		23,300	23,108
Other accrued expenses		1,554	(32,467)
Net cash used in operating activities		<u>(592,456)</u>	<u>(3,790,072)</u>
Cash flows from financing activities:			
Proceeds from issuance of units		2,713,331	3,744,222
Redemptions of the units		(2,715,268)	(3,234,310)
Net cash (used in) / generated from financing activities		<u>(1,937)</u>	<u>509,912</u>
Net change in cash and cash equivalents		<u>(594,393)</u>	<u>(3,280,160)</u>
Cash and cash equivalents at beginning of the period		959,900	3,663,907
Cash and cash equivalents at end of the period		<u>365,507</u>	<u>383,747</u>
*Supplementary Information			
Payable to unitholders on account of redemption		<u>113,054</u>	<u>48,421</u>

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RIYAD AL JAREI FUND
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Notes to the interim condensed financial information
For the six-month period ended 30 June 2023
(All amounts in Saudi Arabian Riyal unless otherwise stated)

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 investors in the Fund (the “Unit Holders”). The Fund is an open-ended public holding fund that invests in underlying funds of various asset classes. 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 a separate financial statement for the Fund.

The Fund Manager is responsible to manage the Fund. 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 operations on 10 June 2001, 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) which were amended 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 2022. The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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. All balances are classified as current. The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

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 statements, 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 Fund Manager 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 are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2022. Certain new standards, amendments and interpretations apply for the first time in 2023, 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 Manager, these will have no significant impact on the interim condensed financial information of the Fund. The Fund intends to adopt those amendments and interpretations when they become 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 January 1, 2023. The Fund Manager has assessed that the amendments have no significant impact on the Fund's interim condensed financial information.

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard, interpretation, amendments	Description	Effective date
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changed the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after 1 January 2023.

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, amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing change to this amendment.</p>	Deferred until accounting periods starting not earlier than January 1, 2024
Amendment to IFRS 16 – Leases on sale and leaseback	New requirements for sale and leaseback transactions in IFRS 16 to explain how entity accounts for a sale and leaseback after the date of transaction.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	Disclosure to enhance the transparency of supplier finance arrangement and their effects on a company's liabilities, cash flow and exposure to liquidity risk.	1 January 2024 (with transitional reliefs in the first year).
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	Standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 (subject to endorsement by SOCPA)
IFRS S2, 'Climate-related disclosures'	Thematic standard issued to set out requirements for entities to disclose information about climate-related risk and opportunities.	1 January 2024 (subject to endorsement by SOCPA)

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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 0.85% per annum (2022:0.85% per annum) of the Fund's net asset value. In addition, on daily basis the Fund Manager charges the Fund, custody fee at the rate of 0.02% per annum (2022: 0.02% per annum) plus 10 USD for each transaction, and administration fees the rate of 0.30% per annum (2022: 0.30% 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 fees, legal fees and other similar charges. These charges are not expected to exceed in total 0.20% per annum (2022: 0.20% per annum) of the Fund's net assets value.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Cash in investment accounts	6.1, 11	365,507	959,900
		365,507	959,900

6.1 Cash in investment account is held in an investment account with Riyadh Capital. The Fund does not earn profit on these investment accounts.

7. INVESTMENTS CARRIED AT FVPL

The fair value of the investments is summarized as follows:

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
International Mutual Funds	14,905,922	15,735,241
Riyad Saudi Equity Fund	3,886,662	3,350,070
Foreign Equities	2,274,926	-
Riyad GCC Credit Fund	805,247	-
Riyad Financing Fund III	790,905	-
Riyad SAR Trade Fund	704,592	-
Riyad SAR Diversified Trade Fund	786	180,119
Riyad USD Diversified Trade Fund	222	1,395,363
Total fair value	23,369,262	20,660,793

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June 2023 (Un-audited) and 31 December 2022 (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 2023 (Un-audited)		31 December 2022 (Audited)	
	Potential reasonable change %	Effect on Equity	Potential reasonable change %	Effect on Equity
International Mutual Funds	1%	149,059	1%	157,352
Riyad Saudi Equity Fund	1%	38,867	1%	33,501
Foreign Equities	1%	22,749	1%	-
Riyad GCC Credit Fund	1%	8,052	1%	-
Riyad Financing Fund III	1%	7,909	1%	-
Riyad SAR Trade Fund	1%	7,046	1%	-
Riyad SAR Diversified Trade Fund	1%	8	1%	1,801
Riyad USD Diversified Trade Fund	1%	2	1%	13,954

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8. UNIT TRANSACTIONS

Transactions in units for the year are summarized as follows:

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period	753,322.62	780,975.88
Units issued during the period	90,749.16	246,161.99
Units redeemed during the period	(93,720.84)	(273,815.25)
Net change in units	(2,971.67)	(27,653.26)
Units at the end of the period	750,350.94	753,322.62

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

	For the six-month period ended	
	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
Realized gain / (loss) from sale of investments carried at FVPL	182,863	(170,726)
Unrealized gain / (loss) from revaluation of investments carried at FVPL	2,030,297	(2,775,755)
	2,213,160	(2,946,481)

10. OTHER EXPENSES

	For the six-month period ended	
	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
Administrative fee	-	140,335
Custody fee	-	2,401
VAT expenses	22,172	22,899
Other	41,261	13,638
	63,433	179,273

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 Board of Directors.

In the ordinary course of its activities, the Fund transacts business with the related parties. The related parties’ transactions are in accordance with terms and conditions of the Fund.

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	Relationship	Nature of transactions	Amount of transaction during the year		Closing balances receivable / (payable)	
			30 June 2023 (Un-audited)	30 June 2022 (Un-audited)	30 June 2023 (Un-audited)	31 December 2022 (Audited)
Riyad Capital	Fund Manager	Fund management fees	(129,987)	(140,335)	(26,650)	(3,350)
		Cash in investment accounts	(594,393)	(3,280,160)	365,507	959,900
Riyad Mutual funds	Funds managed by the Fund Manager	Investments carried at FVPL	(1,262,862)	(1,548,707)	6,188,414	4,925,552

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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 was 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.

Fund classifies all of its financial assets at fair value except for those carried at amortized cost. Investment in mutual funds is classified as level 2. The following table gives information about how the fair values of investment in mutual funds 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	N/A	N/A	

	Fair value			
	Level 1	Level 2	Level 3	Total
At 30 June 2023 (Un-audited)				
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	-	365,507	365,507
<i>Financial assets measured at fair value</i>				
Investments held at FVPL	-	23,369,262	-	23,369,262
	-	23,369,262	365,507	23,734,769

	Fair value			
	Level 1	Level 2	Level 3	Total
<i>Financial liabilities not measured at fair value</i>				
Management fees payable	-	-	26,650	26,650
Other accrued expenses	-	-	36,222	36,222
Redemption payable	-	-	144,458	144,458
	-	-	207,330	207,330

	Fair value			
	Level 1	Level 2	Level 3	Total
At 31 December 2022 (Audited)				
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	-	959,900	959,900
<i>Financial assets measured at fair value</i>				
Investments held at FVPL	-	20,660,793	-	20,660,793
	-	20,660,793	959,900	21,620,693

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12. FAIR VALUE ESTIMATION (CONTINUED)

	Fair value			Total
	Level 1	Level 2	Level 3	
<i>Financial liabilities not measured at fair value</i>				
Management fees payable	-	-	3,350	3,350
Other accrued expenses	-	-	34,668	34,668
Redemption payable	-	-	31,404	31,404
	-	-	69,422	69,422

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 2023 (31 December 2022).

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 6 August 2023 (corresponding to 19 Muharram 1445H).