

**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**(Managed by Alistithmar for Financial Securities  
and Brokerage Company)**  
**Condensed Interim Financial Statements (Unaudited)**  
**For the six-month period ended 30 June 2020**  
together with the  
**Independent Auditor's Review Report to the Unitholders**



**KPMG Al Fozan & Partners**  
**Certified Public Accountants**  
Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia

Telephone +966 11 874 8500  
Fax +966 11 874 8600  
Internet [www.kpmg.com/sa](http://www.kpmg.com/sa)  
License No. 46/11/323 issued 11/3/1992

# Independent auditor's report on review of condensed interim financial statements

To the Unitholders of SAIB Trade Finance Fund

## Introduction

We have reviewed the accompanying 30 June 2020 condensed interim financial statements of **SAIB Trade Finance Fund** ("the Fund"), managed by Alistithmar for Financial Securities and Brokerage Company ("the Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2020;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2020;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2020;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2020; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.


## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 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 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 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 30 June 2020 condensed interim financial statements of **SAIB Trade Finance Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

**For KPMG Al Fozan & Partners**  
**Certified Public Accountants**

  
**Hani Hamzah A. Bedairi**  
License No: 460

Al Riyadh, 5 Muharram 1442H  
Corresponding to: 24 August 2020



**SAIB TRADE FINANCE FUND**  
 An open-ended mutual fund  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
 As at 30 June 2020  
*(Amounts in Saudi Arabian Riyals)*

		<b>30 June 2020</b>	31 December 2019
	<i>Notes</i>	<b>(Unaudited)</b>	(Audited)
<b><u>ASSETS</u></b>			
Cash and cash equivalents	8	<b>57,437,031</b>	121,656,778
Money market placements	9	<b>175,949,005</b>	457,491,638
Other assets	10	<b>412,932</b>	107,505
Investments	11	<b>416,307,757</b>	207,513,881
<b>Total Assets</b>		<b><u>650,106,725</u></b>	<u>786,769,802</u>
<b><u>LIABILITIES</u></b>			
Management fee payable	13	<b>291,263</b>	388,933
Accrued expenses		<b>108,354</b>	140,684
Risk allowance	15	<b>6,078,955</b>	6,078,955
<b>Total Liabilities</b>		<b><u>6,478,572</u></b>	<u>6,608,572</u>
<b>Net assets (equity) attributable to the Unitholders</b>		<b><u>643,628,153</u></b>	<u>780,161,230</u>
<b>Units in issue (numbers)</b>		<b><u>45,555,348</u></b>	<u>55,661,095</u>
<b>Net assets (equity) attributable to each unit – IFRS NAV (SAR)</b>	19	<b><u>14.13</u></b>	<u>14.02</u>
<b>Net assets (equity) attributable to each unit – Dealing NAV (SAR)</b>	19	<b><u>14.14</u></b>	<u>14.03</u>

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME** (Unaudited)  
For the six-month period ended 30 June 2020  
*(Amounts in Saudi Arabian Riyals)*

		<b>For the six-month period ended 30 June</b>	
	<i>Notes</i>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>INCOME</u></b>			
Special commission income		<b>5,263,238</b>	10,132,020
Gain on investments, net	12	<b>2,844,384</b>	1,839,887
<b>Total income</b>		<b><u>8,107,622</u></b>	<b><u>11,971,907</u></b>
<b><u>EXPENSES</u></b>			
Management fee	13	<b>(1,796,875)</b>	(1,956,269)
Custody fee		<b>(149,180)</b>	(148,767)
Expected credit losses reversal		<b>55,341</b>	100
Other expenses		<b>(293,603)</b>	(165,947)
<b>Total expenses</b>		<b><u>(2,184,317)</u></b>	<b><u>(2,270,883)</u></b>
<b>Net income for the period</b>		<b>5,923,305</b>	9,701,024
Other comprehensive income for the period		<b>--</b>	--
<b>Total comprehensive income for the period</b>		<b><u>5,923,305</u></b>	<b><u>9,701,024</u></b>

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

**SAIB TRADE FINANCE FUND**  
 An open-ended mutual fund  
**CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**  
**ATTRIBUTABLE TO THE UNITHOLDERS** (Unaudited)  
 For the six-month period ended 30 June 2020  
*(Amounts in Saudi Arabian Riyals)*

	<b>For the six-month period ended 30 June</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Net assets (equity) attributable to the Unitholders at beginning of the period</b>	<b>780,161,230</b>	<b>706,415,110</b>
<b>Total comprehensive income for the period</b>	<b>5,923,305</b>	<b>9,701,024</b>
<b>Contributions and redemptions by the Unitholders:</b>		
Proceeds from issuance of units during the period	<b>90,548,030</b>	<b>343,578,613</b>
Payments on redemption of units during the period	<b>(233,004,412)</b>	<b>(131,881,706)</b>
Net (redemptions) / contributions by the Unitholders	<b>(142,456,382)</b>	<b>211,696,907</b>
<b>Net assets (equity) attributable to the Unitholders at the end of the period</b>	<b><u>643,628,153</u></b>	<b><u>927,813,041</u></b>

**UNITS TRANSACTIONS** *(numbers)*

	<b>For the six-month period ended 30 June</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Units at the beginning of the period</b>	<b>55,661,095</b>	<b>51,600,573</b>
Units issued during the period	<b>6,446,431</b>	<b>24,904,549</b>
Units redeemed during the period	<b>(16,552,178)</b>	<b>(9,573,492)</b>
Net (decrease) / increase in units	<b>(10,105,747)</b>	<b>15,331,057</b>
<b>Units at the end of the period</b>	<b><u>45,555,348</u></b>	<b><u>66,931,630</u></b>

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS** (Unaudited)  
For the six-month period ended 30 June 2020  
(Amounts in Saudi Arabian Riyals)

		<b>For the six-month period ended 30 June</b>	
	<i>Notes</i>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the period		<b>5,923,305</b>	9,701,024
<i>Adjustment for:</i>			
Gain on investments, net		<b>(2,844,384)</b>	(1,839,887)
Expected credit losses reversal	14	<b>(55,341)</b>	(100)
		<b><u>3,023,580</u></b>	<u>7,861,037</u>
<b>Changes in operating assets and liabilities:</b>			
Increase in investments		<b>(206,020,453)</b>	(172,988,793)
Decrease / (increase) in money market placements		<b>281,667,219</b>	(55,647,159)
Increase in other assets		<b>(303,711)</b>	(17)
(Decrease) / increase in management fee payable		<b>(97,670)</b>	51,794
Decrease in accrued expenses		<b>(32,330)</b>	(20,353)
<b>Net cash generated from / (used in) operating activities</b>		<b><u>78,236,635</u></b>	<u>(220,743,491)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of units		<b>90,548,030</b>	343,578,613
Payments on redemption of units		<b>(233,004,412)</b>	(131,881,706)
<b>Net cash (used in) / generated from financing activities</b>		<b><u>(142,456,382)</u></b>	<u>211,696,907</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(64,219,747)</b>	(9,046,584)
Cash and cash equivalents at the beginning of the period	8	<b><u>121,656,778</u></b>	<u>117,303,015</u>
<b>Cash and cash equivalents at the end of the period</b>	8	<b><u><u>57,437,031</u></u></b>	<u><u>108,256,431</u></u>

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS** (Unaudited)  
For the six-month period ended 30 June 2020  
(Amounts in Saudi Arabian Riyals)

**1. GENERAL**

SAIB Trade Finance Fund (the “Fund”) is an open-ended investment fund created by an agreement between Alistithmar for Financial Securities and Brokerage Company (the “Fund Manager” or “Alistithmar Capital”), a wholly owned subsidiary of the Saudi Investment Bank (the “Bank”), and the investors (the “Unitholders”). The Fund commenced its operations on 30 June 2003.

The Fund is designed for investors seeking capital preservation and high liquidity through exposure to Shariah compliant assets. All income is reinvested in the Fund and is reflected in the unit price.

Alistithmar Capital is the Fund Manager, Custodian and Broker of the Fund. Pursuant to change in terms and conditions of the Fund on 12 Rajab 1439H (corresponding to 29 March 2019), Riyadh Capital Company (“Riyad Capital”) has been appointed as the custodian of the Fund.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate condensed interim financial statements of the Fund.

**2. REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “Amended Regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations came into effect from 6 Safar 1438 H (corresponding to 6 November 2016).

**3. BASIS OF ACCOUNTING**

These condensed interim financial statements are prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by the Capital Market Authority (“CMA”), the Fund’s terms and conditions and the Information Memorandum. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund’s annual audited financial statements for the year ended 31 December 2019.

**4. BASIS OF MEASUREMENT**

These condensed interim financial statements have been prepared on a historical cost basis, except for measurement of investments at fair value through profit or loss (“FVTPL”) which are carried at fair value, using the accrual basis of accounting and the going concern concept.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

**5. FUNCTIONAL AND PRESENTATION CURRENCY**

These condensed interim financial statements are presented in Saudi Arabian Riyals (“SAR”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest SAR.

**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
For the six-month period ended 30 June 2020  
(Amounts in Saudi Arabian Riyals)

**6. USE OF JUDGMENTS AND ESTIMATES**

In preparing these condensed interim financial statements, management has made 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 estimates are recognised prospectively.

Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

***Measurement of the expected credit loss allowance***

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

**7. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2019.

*a) New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund*

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2020 and accordingly adopted by the Fund, as applicable:

<b><u>Standard / Amendments</u></b>	<b><u>Description</u></b>
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards
Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1, 8	Definition of Material
Amendments to IFRS 9, 7 and IAS 39	Interest Rate Benchmark Reform

The adoption of the amended standards and interpretations applicable to the Fund did not have any significant impact on these condensed interim financial statements.



**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
For the six-month period ended 30 June 2020  
(Amounts in Saudi Arabian Riyals)

**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*b) New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective*

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) but not yet effective up to the date of issuance of the Fund's condensed interim financial statements. The Fund intends to adopt these standards when they become effective.

<b><u>Standard/ Interpretation</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
IFRS 17	Insurance Contracts	1 January 2021
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption (effective date deferred indefinitely)

**8. CASH AND CASH EQUIVALENTS**

	<b><u>Notes</u></b>	<b><u>30 June 2020</u></b>	<b><u>31 December 2019</u></b>
Cash at bank – current account	8.1	<b>6,153,742</b>	6,999,735
Cash with custodian		<b>11,277,291</b>	4,410,816
Money market placements	8.2	<b>40,005,998</b>	110,246,227
		<b><u>57,437,031</u></b>	<b><u>121,656,778</u></b>

8.1 This balance is placed with The Saudi Investment Bank, a local Saudi bank and Parent entity of the Fund Manager, which has an investment grade credit rating.

8.2 These comprise placements with commercial banks with minimum investment grade credit ratings, and have an original maturity of three months or less from the date of placements. The special commission rate on placements range from 1.15% to 1.40% p.a. (31 December 2019: 2.90% to 3.10% p.a.).

	<b><u>Notes</u></b>	<b><u>30 June 2020</u></b>	<b><u>31 December 2019</u></b>
Money market placements		<b>40,000,000</b>	110,000,000
Accrued special commission income		<b>49,563</b>	291,928
Less: Allowance for expected credit losses	14	<b>(43,565)</b>	(45,701)
		<b><u>40,005,998</u></b>	<b><u>110,246,227</u></b>

**9. MONEY MARKET PLACEMENTS**

	<b><u>Notes</u></b>	<b><u>30 June 2020</u></b>	<b><u>31 December 2019</u></b>
Money market placements	9.1	<b>175,313,189</b>	454,352,144
Accrued special commission income		<b>837,466</b>	3,463,594
Less: Allowance for expected credit losses	14	<b>(201,650)</b>	(324,100)
		<b><u>175,949,005</u></b>	<b><u>457,491,638</u></b>

**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
For the six-month period ended 30 June 2020  
(Amounts in Saudi Arabian Riyals)

**9. MONEY MARKET PLACEMENTS (CONTINUED)**

- 9.1 This comprises placements with commercial banks, which have minimum investment grade credit ratings, and have an original maturity of more than three months from date of placements. The special commission rate on placements range from 1.15% to 2.40% p.a (31 December 2019: 2.30% to 3.40% p.a)

**10. OTHER ASSETS**

	<i>Notes</i>	<b>30 June 2020</b>	31 December 2019
Other assets		<b>415,015</b>	111,304
Less: Allowance for expected credit losses	14	<b>(2,083)</b>	(3,799)
		<b>412,932</b>	107,505

**11. INVESTMENTS**

	<i>Notes</i>	<b>30 June 2020</b>	31 December 2019
Fair value through profit or loss	11.1	<b>372,384,027</b>	185,539,643
Amortized cost	11.2	<b>43,923,730</b>	21,974,238
		<b>416,307,757</b>	207,513,881

- 11.1 Investments at FVTPL comprised units of the following open-ended mutual funds as at the statement of financial position date:

<b><u>Name of fund</u></b>	<b>30 June 2020</b>		<b>31 December 2019</b>	
	<b><u>Cost</u></b>	<b><u>Fair value</u></b>	<b><u>Cost</u></b>	<b><u>Fair value</u></b>
Alinma SAR Liquidity Fund	<b>149,735,907</b>	<b>151,073,034</b>	133,942,627	135,395,541
Al-Mubarak SAR Trade Fund	<b>150,000,000</b>	<b>150,545,055</b>	--	--
Falcom Fund	<b>64,646,989</b>	<b>65,218,478</b>	44,030,952	44,646,989
Al Awal Capital Murabaha SAR Fund	<b>5,497,113</b>	<b>5,547,460</b>	5,310,080	5,497,113
	<b>369,880,009</b>	<b>372,384,027</b>	183,283,659	185,539,643

- 11.2 Investments held at amortized cost represents Sukuk issued by the following entities and is summarised as follows:

<b><u>Name of issuer</u></b>	<i>Notes</i>	<b>30 June 2020</b>	31 December 2019
Saudi International Petrochemical Company		<b>5,000,000</b>	5,000,000
Sharjah Islamic Bank		<b>3,207,422</b>	--
Dubai Islamic Bank		<b>16,878,709</b>	16,885,315
Almarai		<b>18,538,481</b>	--
		<b>43,624,612</b>	21,885,315
Accrued special commission income		<b>446,756</b>	165,600
Less: Allowance for expected credit losses	14	<b>(147,638)</b>	(76,677)
		<b>43,923,730</b>	21,974,238

**SAIB TRADE FINANCE FUND**  
 An open-ended mutual fund  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
 For the six-month period ended 30 June 2020  
 (Amounts in Saudi Arabian Riyals)

**12. GAIN ON INVESTMENTS, NET**

	<b>For the six-month period ended 30 June</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Realised gain, net	<b>340,366</b>	327,221
Unrealised gain, net	<b>2,504,018</b>	1,512,666
	<b><u>2,844,384</u></b>	<b><u>1,839,887</u></b>

**13. MANAGEMENT AND OTHER FEES**

The Fund pays a management fee to the Fund Manager equal to 0.5% per annum of the net assets value at each valuation date. Additionally, administration expenses paid by the Fund Manager on behalf of the Fund are reimbursed from the Fund, subject to a maximum administration expense of 0.20% of net assets value per annum.

**14. EXPECTED CREDIT LOSS**

	<b><u>Cash and cash equivalents</u></b>	<b><u>Money market placements</u></b>	<b><u>Investments</u></b>	<b><u>Other assets</u></b>	<b><u>Total</u></b>
<b>Balance at 31 December 2019</b>	45,701	324,100	76,677	3,799	450,277
(Reversal) / charge during the period	(2,136)	(122,450)	70,961	(1,716)	(55,341)
<b>Balance at 30 June 2020</b>	<b><u>43,565</u></b>	<b><u>201,650</u></b>	<b><u>147,638</u></b>	<b><u>2,083</u></b>	<b><u>394,936</u></b>

**15. RISK ALLOWANCE**

The Fund calculated a risk allowance at an annual rate of 10% of net income from operations at each valuation date in accordance with terms and conditions. Pursuant to change in terms and conditions on 4 Dhul-Qaidah 1438H (corresponding to 27 July 2017), the Fund discontinued to calculate any further provision as risk allowance.

**16. TRANSACTIONS WITH RELATED PARTIES**

The related parties of the Fund include the Fund Manager, the Fund Board, the Bank and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with its related parties.

In addition to transactions disclosed elsewhere in these condensed interim financial statements, related party transactions and balances are as follows:

**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
For the six-month period ended 30 June 2020  
(Amounts in Saudi Arabian Riyals)

**16. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

**Transactions with related parties:**

<b><u>Related party</u></b>	<b><u>Nature of relationship</u></b>	<b><u>Nature of transaction</u></b>	<b><u>For the six-month period ended 30 June</u></b>	
			<b><u>2020</u></b>	<b><u>2019</u></b>
Alistithmar Capital	The Fund Manager	Management fee	<b>1,796,875</b>	1,956,269
The Fund Board	The Fund Board	The Fund Board compensation	<b>3,282</b>	3,273

**Balances with related parties:**

<b><u>Related party</u></b>	<b><u>Nature of relationship</u></b>	<b><u>Nature of balance</u></b>	<b><u>30 June 2020</u></b>	<b><u>31 December 2019</u></b>
Alistithmar Capital	The Fund Manager	Management fee payable	291,263	388,933
The Fund Board	The Fund Board	The Fund Board compensation payable	3,282	5,300
The Saudi Investment Bank	Parent of the Fund Manager	Cash at bank – current account	6,153,742	6,999,735
		Money Market placements	135,810,279	172,187,650

**Units held with related parties (numbers):**

<b><u>Related party</u></b>	<b><u>Nature of relationship</u></b>	<b><u>30 June 2020</u></b>	<b><u>31 December 2019</u></b>
The Saudi Investment Bank	Parent of the Fund Manager	7,700,126	7,700,126

**17. FAIR VALUES OF FINANCIAL INSTRUMENTS**

***Fair value measurement***

The Fund measures certain financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

**SAIB TRADE FINANCE FUND**  
 An open-ended mutual fund  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
 For the six-month period ended 30 June 2020  
 (Amounts in Saudi Arabian Riyals)

**17. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in assumptions about these factors could affect the fair value of financial instruments.

***Valuation models***

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

***Fair value hierarchy – Financial instruments measured at fair value***

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. All fair value measurements below are recurring.

30 June 2020				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>--</u>	<u>417,355,561</u>	<u>--</u>	<u>417,355,561</u>
31 December 2019				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	--	207,618,945	--	207,618,945

During the period, there has been no transfer in fair value hierarchy.

Other financial instruments such as cash and cash equivalents, money market placements, management fee payable and accrued expenses are measured at amortized cost and their carrying values are a reasonable approximation of fair value.

**SAIB TRADE FINANCE FUND**  
An open-ended mutual fund  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
For the six-month period ended 30 June 2020  
*(Amounts in Saudi Arabian Riyals)*

**18. LAST VALUATION DAY**

The last valuation day of the period was 30 June 2020 (2019: 31 December 2019).

**19. NET ASSETS VALUE**

The Capital Market Authority (CMA), through its circular dated 10 Rabi Al Thani 1439H (corresponding to 28 December 2017), has approved the Dual NAV approach for investment funds. In accordance with the circular, IFRS 9 will be applied for accounting and reporting purposes and dealing NAV will remain unaffected until further notice.

As at 30 June 2020, the net assets value per unit considering the impact of IFRS 9 was SAR 14.13 (31 December 2019: SAR 14.02) and the dealing net assets value per unit was SAR 14.14 (31 December 2019: SAR 14.03). Refer below reconciliation::

	<b>30 June 2020</b>	
	<b>Net assets attributable to the Unitholders</b>	<b>Net assets attributable to each unit</b>
IFRS net assets	<b>643,628,153</b>	<b>14.13</b>
Effect of ECL in accordance with IFRS 9	<b>394,936</b>	<b>0.01</b>
<b>Dealing net assets</b>	<b>644,023,089</b>	<b>14.14</b>
	<b>31 December 2019</b>	
	<b>Net assets attributable to the Unitholders</b>	<b>Net assets attributable to each unit</b>
IFRS net assets	780,161,230	14.02
Effect of ECL in accordance with IFRS 9	450,277	0.01
Dealing net assets	780,611,507	14.03

**20. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no events subsequent to the statement of financial position date which require adjustments of or disclosure in the condensed interim financial statements or notes thereto.

**21. COVID-19 PENDAMIC**

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across the globe including the kingdom of Saudi Arabia, causing disruptions to businesses and economic activity. The COVID-19 pandemic has significantly impacted the capital markets around the world to date and may continue to do so in the coming months of 2020, whereby potentially impacting the performance of the Fund. As the situation is fluid and rapidly evolving, the Fund Manager does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Fund for coming periods. The impact of this outbreak has been considered in these condensed interim financial statements as of and for the period ended 30 June 2020.

**22. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved by the Fund Manager on 20 Dhual-Hijja 1441H (corresponding to 10 August 2020).