

Interim Report 2020

Al Razeen – USD

Fund Manager

Samba Capital & Investment Management Company

CR 1010237159,

CMA Authorization No. 07069-37

Kingdom Center, Olaya

P.O. Box 220007, Riyadh 11311

Kingdom of Saudi Arabia

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I. Fund Manager

1) Name and address of the Fund Manager:

Samba Capital & Investment Management Company
Kingdom Center, Olaya
P.O. Box 220007, Riyadh 11311
Kingdom of Saudi Arabia

2) Names and addresses of sub-manager and/or investment adviser (if any):

N/A

3) Review of the investment activities during the period:

During the six months ended 30 June 2020, the fund has invested in money market instruments in accordance with its T&Cs.

4) Investment Fund's performance during the period:

Al Razeen USD Liquidity Fund's for the first half of 2020 return was 1.17% while its benchmark, LIBOR for one month, return was 0.77%. At the end of June 2020, the Fund's aggregate net assets stood at USD 21.36 million compared with the previous year of USD 31.76 million. The number of units at the end of the period under review was 780,177 compared to 1,176,861 at the end of June 2019. Moreover, Al Razeen USD unit price was USD 27.37 at the end of the first half of 2020, compared to USD 26.99 at the end of the same period of the previous year. The subscriptions for the six months ending June 2020 were USD 1.3 million, compared to USD 0.83 million for the six months ending June 2019. On the other hand, value of units redeemed was USD 11.66 million for the first half of 2020 compared to USD 1.95 million for the same period of the previous year. The performance of the Fund is presented below:

Cumulative returns	International Trade Finance Fund's Return % (Al Razeen USD)	Benchmark LIBOR for one month %
1 year	1.39	1.45
3 year	4.63	5.55
5 year	6.82	6.70
Since inception	173.81	118.60

5) Details of any changes on the Terms and Conditions, Memorandum of Information or documents of the fund during the period:

Changes	Details
Fund board member Resignation Mr. Mohammed Jazzar	Clause 10 of IM : Delete Mr. Mohammed Jazzar from the fund board members in section 10 of IM
Fund board member Resignation Mr. Saleh Al-Sugair	Clause 10 of IM : Delete Mr. Saleh Al-Sugair from the fund board members in section 10 of IM
Appointing fund board member Mr. Ammar Bakheet	Clause 10 of IM : Appointing Mr. Ammar Bakheet as fund board member in section 10 of IM

Appointing fund board member Mr. Abdulaziz Al-Khurayef	Clause 10 of IM : Appointing Mr. Abdulaziz Al-Khurayef as fund board member in section 10 of IM
Appointing fund board member Mr. Syed Taj Ahmad	Clause 10 of IM : Appointing Mr. Syed Taj Ahmad as fund board member in section 10 of IM
Fund board member Resignation Mr. Irfan Said	Clause 10 of IM : Delete Mr. Irfan Said from the fund board members in section 10 of IM

- 6) **Samba Capital has included all necessary information that would enable unitholders to make an informed judgment about the fund's activities during the period.**
- 7) **Al Razeen USD Fund has not invested in any other fund during the period.**
- 8) **No special commission was received by the fund manager during the period.**
- 9) **Others:**
- There has been no conflict of interest situation that required the Fund Board's approval during the six months ending June 2020.
 - Samba Capital has not invested in Al Razeen USD Fund during the six months ending June 2020.
 - Organic breach, where the fund has an outstanding exposure more than 25% of the fund's AUM with one single counterparty. The breach was due to the decrease of fund's AUM.
 - The Fund's cash level varies and may rise above 10% under abnormal market conditions.

II. Financial Statements

These interim condensed financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). For detailed auditor's opinion refer to Appendix-1

Disclaimer:

Samba Capital is authorized by the Capital Market Authority. Samba Capital does not guarantee the performance of any investment. The value of an investment in the Fund is variable and may increase or decrease. The Fund's past performance or the Benchmark's past performance is not necessarily a guide or predictor of the Fund's future performance. There is no guarantee to the unit holders that the Fund's absolute performance or its performance relative to the Benchmark will be repeated or similar to the previous performance. The prices or value or income of the units of the Fund may decrease and the investor may get back less than the amount invested. The income of the Fund from investment in securities may fluctuate and a part of the capital invested may be used to pay that income. The Fund invests in foreign currency denominated securities and therefore is exposed to foreign exchange risk that may have an adverse effect on the price, value or income of the Fund. Investment in investment funds is not a deposit with any bank. Investors may be exposed to loss of funds when investing in investment funds. The Fund Manager is not obliged to accept the redemption request of the units at the value of the offering. The value of the units and their revenues are subject to fluctuations. The investment may not be suitable for all recipients of the advertisement; Samba Capital recommends that if they have any doubts, they should seek advice from their investment adviser. Fees and charges apply as per Terms and Conditions; please refer to the T&Cs for more details on the risks involved while investing in the Fund. To obtain a

copy of the T&Cs, information memorandum, fund reports to unitholders and financial statements, please visit our website www.sambacapital.com or call 800 755 7000 or visit your nearest Samba Capital investment center. Samba Capital or its affiliates may invest into the Fund and has or may have a position or holding in the securities concerned or in related securities. Samba Capital also carries on other independent securities business such as Corporate Finance, Investment Banking, Brokerage and Principal Investment. Samba Capital or its affiliates may be provide or may have provided in the past 12 months, significant advice or securities business services to the issuers of securities, in which the Fund may invest from time to time or of related securities.

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Appendix-1 (Financial Statements)

**US Dollar Liquidity Fund
(Al Razeen - USD)**

**Interim Condensed Financial Statements and
Independent Auditor's Report
For the Period Ended June 30, 2020**

US Dollar Liquidity Fund (Al Razeen - USD)
Interim Condensed Financial Statements
For the Period Ended June 30, 2020

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Report on review of Interim Condensed Financial Statements

To the Unit holders and the Fund Manager of US Dollar Liquidity Fund (Al Razeen – USD):

Introduction

We have reviewed the accompanying interim statement of financial position of US Dollar Liquidity Fund (Al Razeen – USD) (the "Fund") as of June 30, 2020, and the related statements of comprehensive income, cash flows and changes in equity attributable to unitholders for the six-month period then ended and the notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.


Scope of review

We conducted our review in accordance with International Standard on Review 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, 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 statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

By: 
Bader I. Benmohareb
License Number 471

August 20, 2020

US Dollar Liquidity Fund (Al Razeen – USD)
INTERIM STATEMENT OF FINANCIAL POSITION
As at June 30, 2020

	<i>Notes</i>	<i>June 30, 2020 (Unaudited) USD</i>	<i>December 31, 2019 (Audited) USD</i>	<i>June 30, 2019 (Unaudited) USD</i>
ASSETS				
Cash at bank	5,8	467,676	3,288,703	592,302
Investments measured at amortised cost	4	20,958,185	28,325,539	31,228,732
TOTAL ASSETS		21,425,861	31,614,242	31,821,034
LIABILITIES				
Management fee payable	5	30,511	42,810	43,362
Redemption payables		1,000	-	-
Other liabilities		38,541	42,596	17,089
TOTAL LIABILITIES		70,052	85,406	60,451
EQUITY ATTRIBUTABLE TO UNITHOLDERS		21,355,809	31,528,836	31,760,583
Units in issue		780,177	1,158,839	1,176,861
Per unit value	6	USD 27.37	USD 27.21	USD 26.99

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

US Dollar Liquidity Fund (Al Razeen – USD)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended June 30, 2020

	<i>Note</i>	2020 (Unaudited) USD	2019 (Unaudited) USD
INVESTMENT INCOME			
Special commission income		220,373	417,478
TOTAL INCOME		220,373	417,478
EXPENSES			
Management fee	5	64,781	83,527
Others	5	10,870	20,599
Reversal of loss allowance		(8,660)	(641)
TOTAL EXPENSES		66,991	103,485
NET INCOME FOR THE PERIOD		153,382	313,993
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		153,382	313,993

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

US Dollar Liquidity Fund (Al Razeen – USD)

INTERIM STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2020

	<i>Note</i>	2020 (Unaudited) USD	2019 (Unaudited) USD
OPERATING ACTIVITIES			
Net income for the period		153,382	313,993
<i>Adjustment for:</i>			
Reversal of loss allowance		(8,660)	(641)
		144,722	313,352
<i>Changes in operating assets and liabilities:</i>			
Investments measured at amortised cost		8,491,273	(3,000,854)
Management fee payable		(12,299)	(1,786)
Other liabilities		(4,055)	85
Net cash generated from / (used in) operating activities		8,619,641	(2,689,203)
FINANCING ACTIVITIES			
Proceeds from units sold		1,333,549	827,665
Value of units redeemed, net		(11,658,958)	(1,953,113)
Net cash used in financing activities		(10,325,409)	(1,125,448)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,705,768)	(3,814,651)
Cash and cash equivalents at the beginning of the period		16,056,483	31,641,564
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	14,350,715	27,826,913

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

US Dollar Liquidity Fund (Al Razeen – USD)

INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS

For the six month period ended June 30, 2020

	2020 (Unaudited) USD	2019 (Unaudited) USD
EQUITY VALUE AT THE BEGINNING OF THE PERIOD	31,528,836	32,572,038
CHANGES FROM OPERATIONS		
Total comprehensive income for the period	153,382	313,993
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	1,333,549	827,665
Value of units redeemed	(11,659,958)	(1,953,113)
Net change from unit transactions	(10,326,409)	(1,125,448)
EQUITY VALUE AT THE END OF THE PERIOD	21,355,809	31,760,583

Transactions in units for the periods ended June 30 are summarized as follows:

	2020 (Unaudited) Units	2019 (Unaudited) Units
UNITS AT THE BEGINNING OF THE PERIOD	1,158,839	1,218,951
Units sold	48,820	30,789
Units redeemed	(427,482)	(72,879)
Net change in units	(378,662)	(42,090)
UNITS AT THE END OF THE PERIOD	780,177	1,176,861

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

US Dollar Liquidity Fund (Al Razeen – USD)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended 30 June 2020

1 GENERAL

US Dollar Liquidity Fund (Al Razeen – USD) (the Fund) is an open-ended investment fund designed for investors seeking liquidity and capital appreciation. The assets of the Fund are invested in money market instruments. All income is reinvested in the Fund and reflected in the unit price. The Fund is managed by Samba Capital & Investment Management Company (the Manager), a wholly owned subsidiary of Samba Financial Group (the Bank).

The interim condensed financial statements should be read in conjunction with the annual audited financial statements of the Fund. The interim results may not be an indicator of the annual results of the Fund. There have been no changes to the risk management policies as set out in the audited financial statements for the year ended December 31, 2019.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the Regulations) published by the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia on 3 Dhul Hijja 1427H (corresponding to December 24, 2006) as amended by the resolution of the CMA Board on 16 Sha'aban 1437H (corresponding to May 23, 2016).

3 SIGNIFICANT ACCOUNTING POLICIES

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

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

4 INVESTMENTS MEASURED AT AMORTISED COST

	<i>June 30, 2020 (Unaudited) USD</i>	<i>December 31, 2019 (Audited) USD</i>	<i>June 30, 2019 (Unaudited) USD</i>
Money market placements with the Bank	5,000,517	7,911,072	5,522,892
Money market placements with other banks	14,958,375	19,421,865	24,712,823
Sukuks and bonds	1,005,156	1,007,125	1,007,750
Gross carrying value	20,964,048	28,340,062	31,243,465
Expected credit losses	(5,863)	(14,523)	(14,733)
Net carrying value	20,958,185	28,325,539	31,228,732

US Dollar Liquidity Fund (Al Razeen – USD)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended 30 June 2020

Set out below are the maturity details of gross carrying value of investments:

	June 30, 2020 (Unaudited) USD	December 31, 2019 (Audited) USD	June 30, 2019 (Unaudited) USD
Maturity within 3 months	13,260,912	19,425,149	27,234,611
Maturity within 3 - 12 months	7,703,136	8,914,913	3,001,104
Maturity more than 1 year	-	-	1,007,750
	20,964,048	28,340,062	31,243,465

4.1 Expected credit loss measurement

The table below shows the maximum exposure to credit risk on financial instruments subject to impairment.

	As at June 30, 2020				As at December 31, 2019	As at June 30, 2019
	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD	Total USD	Total USD
Cash at bank	467,676	-	-	467,676	3,288,703	592,302
Investments measured at amortised cost	20,964,048	-	-	20,964,048	28,340,062	31,243,465
Gross carrying amount	21,431,724	-	-	21,431,724	31,628,765	31,835,767
Expected credit losses	(5,863)	-	-	(5,863)	(14,523)	(14,733)
Carrying amount	21,425,861	-	-	21,425,861	31,614,242	31,821,034

5 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the ordinary course of business, the Fund transacts with the related parties. The principal related parties of the Fund are the Fund Manager, the Bank and the Fund Board.

The Fund records management fee payable to the Manager calculated at an annual rate of 0.50% (2019: 0.50%) of the net asset value at each Valuation Date. The Bank acts as one of the Fund's bankers. Cash at bank includes USD 153,437 (2019: USD 140,582) held with the Bank. Trade finance investments with the Bank are disclosed in note 4. Other expenses for the year include USD 5,199 (2018: USD 5,386) towards the Fund Board remuneration.

6 EFFECT ON EQUITY VALUE IF EXPECTED CREDIT LOSSES ARE NOT RECOGNIZED

In accordance with CMA circular no. 1/6/1872/17 dated 13 Rabi Al-Thani 1439H (corresponding to December 31, 2017), the CMA Board decided on 10 Rabi Al-Thani 1439H (corresponding to December 28, 2017) to restrict the recording of expected credit losses calculated in accordance with IFRS 9 only for the purpose of the investment fund's financial statements. Adjustment of the unit price calculated according to the applicable financial reporting framework alongside with the unit price calculated for the purpose of unit transactions is as set out below:

US Dollar Liquidity Fund (Al Razeen – USD)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the six month period ended June 30, 2020

i) Expected credit losses on financial assets is as set out below

	<i>As at June 30, 2020 (Unaudited) USD</i>	<i>As at December 31, 2019 (Audited) USD</i>	<i>As at June 30, 2019 (Unaudited) USD</i>
Expected credit losses on financial assets	5,863	14,523	14,733
Units in issue	780,177	1,158,839	1,176,861
Per unit share in expected credit losses	0.01	0.01	0.01

ii) The equity values after incorporating expected credit losses is set out below

	<i>As at June 30, 2020 (Unaudited) USD</i>	<i>As at December 31, 2019 (Audited) USD</i>	<i>As at June 30, 2019 (Unaudited) USD</i>
Equity value per unit expected credit losses as per these interim condensed financial statements	27.37	27.21	26.99
Per unit share in expected credit losses	0.01	0.01	0.01
Equity value per unit before expected credit losses	27.38	27.22	27.00

7 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities as at June 30, 2020, December 31, 2019 and June 30, 2019 were classified under amortised cost category.

8 CASH AND CASH EQUIVALENTS

	<i>June 30, 2020 (Unaudited) USD</i>	<i>December 31, 2019 (Audited) USD</i>	<i>June 30, 2019 (Unaudited) USD</i>
Money market placements with an original maturity of three months or less	13,883,039	12,767,780	27,234,611
Cash at Bank	467,676	3,288,703	592,302
	14,350,715	16,056,483	27,826,913

9 FAIR VALUE ESTIMATION

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 Fund uses following hierarchy for determining and disclosing the fair value of financial instruments:

US Dollar Liquidity Fund (Al Razeen – USD)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the six month period ended June 30, 2020

- 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 estimated fair value of the Fund's financial assets and liabilities is not considered to be significantly different from their carrying values. Currently, the Fund does not have any investments which are carried at fair value.

10 LAST VALUATION DAY

The last valuation date for the purpose of preparation of these interim condensed financial statements was June 30, 2020 (2019: June 30, 2019).

11 IMPACT OF COVID-19

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by Government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of materials that are essential to our operations.

The prevailing economic conditions post lock down, require the Fund to revise certain inputs and assumptions used for the determination of ECL. These primarily revolve around either adjusting macroeconomic factors used by the Fund in estimation of ECL or revisions to the scenario probabilities currently being used by the Fund in ECL estimation. The Fund has made certain adjustments to the macroeconomic factors and scenario weightings during the period and has adjusted the ECL accordingly.

The Fund's ECL model continues to be sensitive to macroeconomic variables and scenario weightings. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental and the Fund will continue to reassess its position and the related impact on a regular basis.

At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the Government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people

12 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Board on August 19, 2020.