

Interim Report 2020

Izdihar China Equity Fund

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):

The sub-manager of the Fund:
NOMURA Asset Management UK Limited
Nomura House, 1 St. Martin's-le-Grand, London, EC1A 4NT
The Fund does not have an investment adviser.

3) Review of the investment activities during the period:

During the six months ended 30 June 2020, the Fund invested in units of the Fund managed by Nomura, in accordance with the Fund's terms and conditions.

4) Investment fund's performance during the period:

Izdiyar China Equity Fund's return for the first half of 2020 (0.3%) while its benchmark, MSCI China Index, return was 1.1%. At the end of June 2020, the Fund's aggregate net assets stood at USD 16.6 million compared with the previous year of USD 18.3 million. The number of units at the end of the period under review was 571,651 compared to 668,923 at the end of June 2019. Moreover, Izdiyar's unit price was USD 29 at the end the first half of 2020, as compared to USD 27.39 at the end of the same period of the previous year. The subscriptions for the six months ended June 2020 were USD 658,257 as compared to USD 350,614 for the six months ended June 2019. On the other hand, value of units redeemed was USD 2,695,380 for the first half of 2020 as compared to USD 1,102,197 for the same period of the previous year. The performance of the Fund is presented below:

Cumulative returns	Izdiyar China Equity Fund Return %	Benchmark Return % (MSCI China Index)
1 year	6.07	10.87
3 year	11.65	18.66
5 year	7.06	18.77
Since inception	187.80	249.64

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) Izdihar China Equity Fund has invested in Nomura Funds Ireland PLC – China Fund - Class I 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 Izdihar China Equity Fund during the six months ending June 2020.
 - There was no breach of investment limitation during the six months ending June 2020.
 - 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 could be subject to high volatility due to the composition of its investments. 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)

Izdihar China Equity Fund

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

Izdiyar China Equity Fund
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 Izdihar China Equity Fund:

Introduction

We have reviewed the accompanying interim statement of financial position of Izdihar China Equity Fund (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

Izdiyar China Equity Fund

INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	<i>Note</i>	<i>June 30, 2020 (Unaudited) USD</i>	<i>December 31, 2019 (Audited) USD</i>	<i>June 30, 2019 (Unaudited) USD</i>
ASSETS				
Cash and cash equivalents	4	80,807	30,870	107,858
Investments at fair value through income statement (FVIS)		16,658,042	18,758,318	18,361,021
TOTAL ASSETS		16,738,849	18,789,188	18,468,879
LIABILITIES				
Redemptions payable		16,002	5,775	-
Management fee payable	4	42,402	50,515	50,298
Other liabilities		90,890	90,338	94,340
TOTAL LIABILITIES		149,294	146,628	144,638
EQUITY ATTRIBUTABLE TO UNITHOLDERS		16,589,555	18,642,560	18,324,241
Units in issue		571,551	648,155	668,923
Per unit value		USD 29.03	USD 28.76	USD 27.39

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Izdihar China Equity Fund

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended June 30, 2020

	<i>Notes</i>	2020 (Unaudited) USD	2019 (Unaudited) USD
INVESTMENT INCOME			
Gains on investments at FVIS, net	5	17,724	2,881,055
Special commission income	4	94	34
TOTAL INCOME		17,818	2,881,089
EXPENSES			
Management fee	4	88,158	94,904
Others	4	22,173	30,293
TOTAL EXPENSES		110,331	125,197
NET (LOSS) / INCOME FOR THE PERIOD		(92,513)	2,755,892
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(92,513)	2,755,892

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Izdihar China Equity Fund

INTERIM STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2020

	<i>Note</i>	<i>2020 (Unaudited) USD</i>	<i>2019 (Unaudited) USD</i>
OPERATING ACTIVITIES			
Net (loss) / income for the period		(92,513)	2,755,892
Adjustment for:			
Unrealised gains on investments at FVIS	5	(309,443)	(2,958,927)
		(401,956)	(203,035)
Changes in operating assets and liabilities:			
Investments at FVIS, net		2,409,719	1,027,872
Other assets		-	10,000
Management fee payable		(8,113)	1,645
Other liabilities		552	21,481
Net cash generated from operating activities		2,000,202	857,963
FINANCING ACTIVITIES			
Proceeds from units sold		805,288	350,614
Value of units redeemed, net		(2,755,553)	(1,102,197)
Net cash used in financing activities		(1,950,265)	(751,583)
NET CHANGE IN CASH AND CASH EQUIVALENTS		49,937	106,380
Cash and cash equivalents at the beginning of the period		30,870	1,478
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		80,807	107,858

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Izdiyar China Equity Fund

INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS

For the six months period ended June 30, 2020

	2020 (Unaudited) USD	2019 (Unaudited) USD
EQUITY AT THE BEGINNING OF THE PERIOD	18,642,560	16,319,932
CHANGE FROM OPERATIONS		
Total comprehensive (loss) / income for the period	(92,513)	2,755,892
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	805,288	350,614
Value of units redeemed	(2,765,780)	(1,102,197)
Net change from unit transactions	(1,960,492)	(751,583)
EQUITY AT THE END OF THE PERIOD	16,589,555	18,324,241

Unit Transactions for the period ended June 30 are summarised as follows:

	2020 (Unaudited) Units	2019 (Unaudited) Units
UNITS AT THE BEGINNING OF THE PERIOD	648,155	696,536
Units sold	30,083	13,047
Units redeemed	(106,687)	(40,660)
Net change in units	(76,604)	(27,613)
UNITS AT THE END OF THE PERIOD	571,551	668,923

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Izdihar China Equity Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

1 GENERAL

Izdihar China Equity Fund (the Fund) is an open-ended investment fund designed for investors seeking long term capital growth. The assets of the Fund are invested primarily in Chinese Equities through investment in Nomura China Opportunities Fund. 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 books and records of the Fund are maintained in US Dollars (USD).

Nomura Funds – China Opportunities Fund charges a management fee calculated at an annual rate of 1% (2018: 1%) which is reflected in the unit price.

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 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 pays a management fee calculated at an annual rate of 1% (2019: 1%) on the net asset value at the end of each Valuation Day. The Bank acts as the Fund's bankers. Special commission income represents income received from the Bank. Other expenses for the year include USD 829 (2019: USD 719) towards the Fund Board remuneration.

5 GAINS ON INVESTMENTS AT FVIS, NET

	2020 (Unaudited) USD	2019 (Unaudited) USD
Realised losses	(291,719)	(77,872)
Unrealised gains	309,443	2,958,927
	<u>17,724</u>	<u>2,881,055</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the six month period ended June 30, 2020

6 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:

- 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. The fair value of investments held at FVIS are based on quoted prices in active markets, and are therefore classified within Level 1.

7 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities as at June 30, 2020 were classified under amortised cost category except for investments at FVIS which are classified as and measured at fair value.

8 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).

9 IMPACT OF COVID-19

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various 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.

At this stage, the impact on our business and results has not been significant except for given in note 5 showing the declining gains on the investments held in the Fund's portfolio and based on our experience to date we expect this to remain the case. The Nomura Fund mainly invests in the companies in China that proves to be beneficial from the China's fast economy growth. Therefore, the Fund can still provide an opportunity for gains to its Unitholders. 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.

10 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

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