



صندوق الأهلي القابض لصناديق الاستثمار العقارية المتداولة
AlAhli Fund of REITs Fund

التقرير السنوي - 2020

Annual Report - 2020



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AlAhli Fund of REITs Fund

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Investment Fund Information

معلومات صندوق الاستثمار

Investment Objective

AlAhli Fund of REITs Fund aims to distribute income to Unitholders through investing mainly in real estate investment traded funds (REITs).

أهداف الاستثمار

يهدف صندوق الأهلي القابض لصناديق الاستثمار العقارية المتداولة إلى توزيع الدخل على مالكي الوحدات من خلال الاستثمار بشكل أساسي في صناديق الاستثمار العقارية المتداولة المعروفة باسم (ريت).

Investment Policies

The fund invests primarily in units of Real Estate Investment Traded Funds (REITs) including REITs IPO's, units of open or closed end income generating real estate funds and in funds investing in listed real estate companies.

سياسات الاستثمار وممارساته

يستثمر الصندوق بشكل أساسي في وحدات صناديق الاستثمار العقارية المتداولة ويشمل ذلك الطروحات العامة الأولية لوحدات صناديق الاستثمار العقارية المتداولة، ووحدات صناديق الاستثمار العقاري المدرة للدخل المفتوحة أو المغلقة ووحدات صناديق استثمار تستثمر في شركات عقارية مدرجة.

Distribution of Income & Gain Policy

Dividends are distributed to the unitholders twice a year, within five working days from the end of June and December.

سياسة توزيع الدخل والأرباح

يتم توزيع الأرباح على مالكي الوحدات مرتين في السنة خلال خمسة أيام عمل بالمملكة من نهاية شهر يونيو وشهر ديسمبر.

- The fund's reports are available upon request free of charge.

- تتاح تقارير الصندوق عند الطلب وبدون مقابل.

Fund Performance

أداء الصندوق

Fund performance since its launch:

أداء الصندوق للسنوات منذ إنطلاقه:

Year	2020	2019	2018	السنة
Net Assets value (NAV)*	41,538,513.08	19,198,041	18,974,402	صافي قيمة الأصول*
NAV per Unit*	1.05	0.99	0.79	صافي قيمة الأصول لكل وحدة*
Highest NAV per Unit *	1.12	1.01	0.99	أعلى سعر وحدة*
Lowest NAV per Unit *	0.84	0.78	0.80	أقل سعر وحدة*
Number of Units	39,687,681	19,481,639	23,957,744	عدد الوحدات
Income Distribution per unit	0.040	0.044	0.029	الأرباح الموزعة لكل وحدة
Fees & Expense Ratio	0.86%	1.03%	1.98%	إجمالي نسبة الرسوم والمصروفات

*In Saudi Riyal

*بالريال السعودي

Total return compared to the benchmark:

العائد الإجمالي للصندوق مقارنة بالمؤشر:

Period	3 سنوات - 3 Years	سنة - 1 Year	الفترة
Total Return %	6.29	10.56	عائد الصندوق %
Benchmark %	7.00	11.60	عائد المؤشر %

Annual total return for the fund since its launch:

العائد الإجمالي السنوي للصندوق منذ إنطلاقه:

Year	2020	2019	2018	السنة
Return %	10.56	30.42	-16.73	العائد %
Benchmark %	11.6	26.53	-13.24	المؤشر %

Actual fees and fund expenses paid by the investment fund during the year as a percentage of average Net Asset Value:

مقابل الخدمات والعمولات والأتعاب التي تحملها الصندوق على مدار العام كنسبة مئوية من متوسط صافي قيمة أصول الصندوق:

الرسوم والمصروفات	النسبة المئوية %	ألف ريال SAR '000	Fees and Expenses
رسوم الإدارة	0.50	195	Management Fee
ضريبة القيمة المضافة على رسوم الإدارة	0.08	20	VAT on Management Fee
مراجعة حسابات الصندوق	0.07	29	Audit Fee Expense
العمليات الإدارية	0.02	7	Fund Administration
هيئة السوق المالية	0.02	8	CMA Fees
تداول	0.01	5	Tadawul Fees
رسوم الحفظ	0.03	12	Custody Fees
المراجعة الشرعية	0.07	31	Shariah Audit Fee Expense
مجلس إدارة الصندوق	0.06	24	Fund Board Fee Expense
رسوم التعامل	0.00	27	Dealing Fee
مجموع الرسوم والمصاريف	0.86	358	Total Fees and Expenses

Material Changes

تغيرات جوهرية حدثت خلال الفترة

- Crude oil prices (Brent) averaged USD 43/bbl during 2020, down 33% from 2019 levels on average basis, and exhibited extremely volatile trends during the year on two counts, namely (1) collapse and subsequent restoration of OPEC plus arrangements and (2) COVID-19 related lock-down implications. The range of daily oil prices was unusually wide, with a low of USD 19/bbl and a high of USD 69/bbl witnessed during the year. The prices saw a 27% QoQ increase during the last quarter of the year and closed the year with an overall decline of 22% from 2019 closing levels.
- The Saudi market continued on its induction path into two premier international indices, FTSE EM and MSCI EM during the year under review. Net foreign inflows of nearly USD 4.7 bln in 2020 took overall foreign ownership to USD 45 bln at Tadawul (excluding strategic interests).
- The Saudi government came up with fairly calculated and efficient relief measures to avert negative implications of

- بلغ متوسط أسعار النفط الخام 43 دولار للبرميل خلال عام 2020 ، بانخفاض وقدره 33% مقارنة بمستويات عام 2019، وشهدت الأسعار تقلبات حادة خلال العام، بسبب (1) انهيار اتفاق أوبك وبعدها الوصول إلى اتفاق آخر، (2) الآثار المترتبة على حظر التجول بسبب فيروس كورونا. كان نطاق أسعار النفط اليومية واسعاً بشكل غير عادي، حيث سجل انخفاض قدره 19 دولاراً أمريكياً للبرميل وأعلى سعر بلغ 69 دولاراً أمريكياً للبرميل خلال العام. وشهدت الأسعار زيادة بنسبة 27% على أساس ربع سنوي خلال الربع الأخير من العام وأغلقت العام بانخفاض إجمالي بنسبة 22% عن مستويات الإغلاق لعام 2019

- واصل السوق السعودي مساره في مؤشرات الأسواق الناشئة FTSE EM و MSCI EM ومن خلال المراجعة الدورية خلال العام فقد نتج عن ذلك زيادة في التدفقات المالية من المستثمرين الأجانب بلغت تقريباً 45 مليار دولار أمريكي في سوق الأسهم السعودية (بعد استثناء ملكية المستثمر الاستراتيجي الأجنبي) خلال عام 2020.

- قامت الحكومة السعودية بإجراءات معتدلة لتجنب الآثار السلبية لفيروس كورونا. بالإضافة إلى ذلك قدمت الحكومة حوافز كبيرة تصل إلى 5% من الناتج المحلي الإجمالي.

- على الرغم من التحديات التي فرضتها جائحة كورونا، استمر نشاط الاكتتابات قوياً إلى حد ما، حيث تم إدراج 4 شركات في تداول خلال عام 2020، بحجم يقارب الـ 1.4 مليار دولار. كانت مشاركة المستثمرين الأجانب في هذه الاكتتابات ضخمة، حيث حصل اكتتاب شركة بن داود على رقم قياسي من المشتركين، حيث تجاوز حجم تغطية حصة المؤسسات 4,870%

- COVID-19. Despite capacity constraints, the government offered sizeable stimulus of up to 5% of GDP.
- IPO activity stayed fairly strong despite challenges posed by COVID-19 related lock downs. In total 4 companies were listed at Tadawul in 2020 with over USD 1.4 bln capital raised. Investors' participation in these IPOs was mammoth, with the IPO of BinDawood receiving a record-shattering subscription - the institutional offering was 4,870% oversubscribed whereas the retail offer was 1,396% oversubscribed. The company raised USD 585 mln.
 - The Kingdom's economic performance during FY20 was negative owing to COVID-19 related global slowdown. Fiscal deficit increased to nearly 12% of GDP whereas oil output stayed at 9.2 mn bbl/d, approximately 6% lower YoY. The Kingdom's PMI recorded a 26-month low of 42 in Mar-20. However, activity reported a swift recovery since the easing of lockdowns, with PMI recovering to near 2019-high levels of 57 by Dec-20.
 - Nearly 225 bp drop in US Fed Target Rate to a bottom-level of 0.25% by Mar-20 from Sep-19 peak, and a consequent 70%+ decline in SAIBOR from 2019 peak created substantial interest in equities investing. Tadawul reported 1.4 times YoY jump in average daily traded value during 2020 to USD 2.2 bln, recording a 15-year high ADVT.
 - The 2021 budget has a clear focus on shifting the onus of the development spending to the private sector, with the government rationalizing overall spending via seeking productivity gains and introducing various efficiency measures in the ministries. Furthermore, the government will continue its focus on decreasing dependency on oil revenues.
- بينما بلغت حجم تغطية حصة الافراد 1,396%، وجمعت ككل مبلغ 585 مليون دولار.
- كان الأداء الاقتصادي للمملكة خلال سلبياً عام 2020 بسبب التباطؤ في الاقتصاد العالمي، وارتفع العجز المالي إلى ما يقارب 12% من الناتج المحلي الإجمالي. في حين انخفض انتاج النفط بحوالي 6%، وصولاً إلى 9.2 مليون برميل في اليوم. وسجل مؤشر مديري المشتريات في المملكة أدنى مستوى خلال 26 شهراً مسجلاً مستوى 42 في مارس-2020، وبعد تخفيف إجراءات الحظر شهد مؤشر مديري المشتريات تعافي ملحوظاً مسجلاً مستويات قريبة من أعلى مستوياتها في 2019 عند 57 في شهر ديسمبر 2020.
- بانخفاض حوالي 225 نقطة أساس في معدل الفائدة المستهدف من الاحتياطي الفيدرالي الأمريكي إلى المستوى الأدنى 0.25% بحلول مارس 2020 وبالتالي الانخفاض في معدل السابور +70% أدى إلى خلق اهتماماً كبيراً بالاستثمار في الأسهم. خلال عام 2020، شهد تداول قفزة في متوسط القيمة المتداولة اليومية تعادل 1.4 مرة مقارنة بالعام السابق لتصل إلى 2.2 مليار دولار مسجلاً أعلى مستوى خلال 15 سنة.
- تركز موازنة عام 2021 بشكل واضح على تحويل عبء الانفاق التنموي إلى القطاع الخاص، حيث تقوم الحكومة بترشيد الانفاق بشكل عام من خلال السعي إلى تدعيم الطاقة الإنتاجية وإجراءات لتعزيز الكفاءة. علاوة على ذلك، ستواصل الحكومة تركيزها على تقليل الاعتماد على العوائد النفطية.

Exercising of voting rights

No voting rights were exercised during the year.

ممارسات التصويت السنوية

لم تتم أي ممارسات تصويت خلال العام.

Fund Board Annual Report

The Board of Directors consists of the following members, who were appointed by the fund manager and approved by the Capital Market Authority:

Mohammed Al-Ali	Chairman (Non-independent)
Mohammed AlSaggaf	Non-independent member
Asem AlHomaidi	Independent member

تقرير مجلس إدارة الصندوق السنوي

يتكون مجلس إدارة الصندوق من الأعضاء التاليين، والذين تعيينهم من قبل مدير الصندوق بعد موافقة هيئة السوق المالية:

محمد عبدالله العلي	رئيس مجلس إدارة الصندوق (عضو غير مستقل)
محمد جعفر السقاف	عضو غير مستقل
الدكتور/ عاصم خالد الحمضي	عضو مستقل



Mohammed AlOyaidi Independent member
The Fund's Board of Directors held three meetings during 2020. The following is a summary of the key decisions approved and the matters discussed by the Fund's Board of Directors:
- Fund's objectives achievement and performance review
- Risks related to the funds; including: liquidity, market, operational risks
- Ensuring fund's compliance to all applicable rules and regulations
- Approving the periodic income distributions to the unitholders

محمّد عمر العبيدي عضو مستقل
عقد مجلس إدارة الصندوق ثلاثة اجتماعات خلال العام 2020م، وفيما يلي ملخصاً لأهم القرارات التي تم إقرارها والمواضيع التي تمت مناقشتها من قبل مجلس إدارة الصندوق:
- مناقشة تحقيق الصندوق لأهدافه وأدائه خلال العام
- المخاطر المتعلقة بالصندوق بما في ذلك مخاطر السيولة، السوق، والتشغيل
- التزام الصناديق بلوائح هيئة السوق المالية مع مسؤول المطابقة والالتزام
- الموافقة على توزيع الأرباح الدورية لمالكي الوحدات

Fund Manager

NCB Capital Company, Saudi Arabia
Tower B, King Saud Road, P.O. Box 22216, Riyadh 11495
Tel: +966 920000232
Website: www.alahlicapital.com

مدير الصندوق

شركة الأهلي المالية، المملكة العربية السعودية
البرج ب، طريق الملك سعود، ص.ب. 22216، الرياض 11495
هاتف: +966 920000232
الموقع: www.alahlicapital.com

Sub-Manager / Investment Adviser

None

مدير الصندوق من الباطن و/أو مستشارين الاستثمار

لا يوجد

Investment Activities

Due to the spread of COVID-19, future earnings visibility was limited. As a result, the fund manager sought to increase the cash level till better earnings outlook is clearer. The fund benefited from pandemic related beneficiary sectors such as Food, Healthcare and telecommunication.

خلال الانتشار الواسع لوباء كورونا، كانت التوقعات المستقبلية للأرباح تتسم بالضبابية. وبالتالي، فضل مدير الصندوق رفع نسبة الكاش حتى تتضح الرؤية تجاه ربحية الشركات. وكذلك استفاد الصندوق من التمرکز في قطاعات الأغذية، الرعاية الصحية و الاتصالات لاستفادتها من تبعات جائحة كورونا.

Performance

Fund Performance 10.56%
Benchmark Performance 11.60 %

أداء الصندوق 10.56%
أداء المؤشر 11.60%

The fund underperformed the benchmark by 104 bps.

كان أداء الصندوق أقل من المؤشر الاسترشادي بفارق 104 نقطة أساس.

Terms & Conditions and information memorandum Material Changes

There are no changes in the terms and condition, and Information Memorandum.

تغيرات حدثت في شروط وأحكام الصندوق و مذكرة المعلومات

لا توجد تغييرات في الشروط والأحكام ومذكرة المعلومات.

Other information enabling unitholders to make informed judgment about fund activities during the period

None

معلومات أخرى بشأن أنشطة الصندوق خلال الفترة تمكن مالک الوحدات من اتخاذ قرار مدروس

لا يوجد

Investments in other Investment Funds

The fund management fee is 0.50% of NAV. the annual fees charged by the underlying funds are as follows:

الاستثمار في صناديق استثمارية أخرى

نسبة رسوم الإدارة المحتسبة على الصندوق 0.50% سنوياً، ونسبة رسوم الإدارة السنوية للصناديق التي يستثمر فيها الصندوق على النحو التالي:

Fund Name	Management Fee	رسوم الإدارة	الصندوق
AlAhli REIT Fund (1)*	1.00%		صندوق الأهلي ريت (1)*
Taleem REIT Fund	0.75%		صندوق تعليم ريت
Jadwa REIT Saudi Fund	0.75%		صندوق جدوى ريت السعودية
Riyad REIT Fund	1.20%		صندوق الرياض ريت
Al Rajhi REIT	0.80%		صندوق الراجحي ريت

* The fund manager waives management fees for funds managed by the NCB Capital Company.

* يقوم مدير الصندوق بالتنازل عن رسوم الإدارة للصناديق المدارة من قبله.



Special Commission	عمولات خاصة
No special commissions were received during the period.	لم يحصل مدير الصندوق على أي عمولات خاصة خلال الفترة.
Fund Manager Investment	استثمارات مدير الصندوق
The fund manager (NCB Capital) holds 12.60% of the total fund units.	تبلغ استثمارات مدير الصندوق (شركة الأهلي المالية) 12.60% من إجمالي وحدات الصندوق.
Conflict of Interests	تعارض في المصالح
None	لا يوجد
Fund Distribution During The Year	توزيعات الصندوق خلال العام
The fund distributed SAR 0.0476 per unit during the year.	وزع الصندوق 0.0476 ريال سعودي عن كل وحدة خلال العام.
Incorrect Valuation or Pricing	خطأ في التقييم والتسعير
None	لا يوجد
Investment Limitation Breaches	مخالفة قيود الاستثمار
There were no breaches to any of the Investment Restrictions, limitations and borrowing powers applicable to IFR.	لم تتم مخالفة أي من قيود وحدود الاستثمار وصلاحيات الاقتراض المعمول بها في لائحة صناديق الاستثمار.
Custodian	أمين الحفظ
AlBilad Investment Company King Fahad Road, P.O. Box 140, Riyadh 11411, Saudi Arabia Tel: +966 92000 3636 Website: www.albilad-capital.com	شركة البلاد للاستثمار (البلاد المالية) طريق الملك فهد، ص.ب. 140، الرياض 11411، المملكة العربية السعودية هاتف: +966 92000 3636 الموقع الإلكتروني: www.albilad-capital.com
Custodian's duties and responsibilities	واجبات ومسؤوليات أمين الحفظ
<p>-The custodian shall be held responsible for compliance with investment funds Regulations whether he performed his duties directly or delegated to any third party. The custodian shall be held responsible to the fund manager and unitholder for any losses caused to the investment fund due to the custodian fraud, negligence, misconduct or willful default.</p> <p>- The custodian shall be responsible for taking custody and protecting the fund's assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the fund's assets.</p> <p>- The Fund Manager acknowledges that the responsibilities vested in the custodian does not include ensuring the fund manager's compliance with the contents of subparagraphs (a,b,c) of paragraph (d-3) of annex 5 of the Investment Funds Regulations "IFR".</p>	<p>- يعد أمين الحفظ مسؤولاً عن التزاماته وفقاً لأحكام لائحة صناديق الاستثمار، سواء أدى مسؤولياته بشكل مباشر أم كلف بها طرفاً ثالثاً بموجب أحكام لائحة صناديق الاستثمار أو لائحة مؤسسات السوق المالية. ويُعد أمين الحفظ مسؤولاً تجاه مدير الصندوق ومالكي الوحدات عن خسائر الصندوق الناجمة بسبب احتيال أو إهمال أو سوء تصرف أو تقصيره المتعمد.</p> <p>- يعد أمين الحفظ مسؤولاً عن حفظ أصول الصندوق وحمايتها لصالح مالكي الوحدات، وهو مسؤول كذلك عن اتخاذ جميع الإجراءات الإدارية اللازمة فيما يتعلق بحفظ أصول الصندوق.</p> <p>- يقر مدير الصندوق بأن المسؤوليات المنوطة بأمين الحفظ لا تشمل إبداء رأيه حول ما إذا كان مدير الصندوق قد قام بالأنشطة في الفقرات الفرعية (أ،ب،ج) من الفقرة (د-3) من الملحق (5) من لائحة صناديق الاستثمار.</p>
Fund Manager Opinion	رأي مدير الصندوق
<p>- Units were Issued, transferred and redeemed in accordance with the provision of the IFR and fund Terms and Conditions</p> <p>- Units were valued and calculated in accordance with the provisions of IFR, Fund and fund Terms and Conditions.</p> <p>- There were no breaches to any of the Investment Restrictions, Limitations and borrowing powers applicable to IFR.</p>	<p>- تم إصدار ونقل واسترداد الوحدات بموجب أحكام لائحة صناديق الاستثمار وشروط وأحكام الصندوق.</p> <p>- تم تقييم وحساب سعر الوحدات بموجب أحكام لائحة صناديق الاستثمار وشروط وأحكام الصندوق.</p> <p>- لم تتم مخالفة أي من قيود وحدود الاستثمار وصلاحيات الاقتراض المعمول بها في لائحة صناديق الاستثمار.</p>



Auditor

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المحاسب القانوني

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Auditor's Opinion

Accompanying financial statements have complied with the requirements of the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority, and the Fund's Terms and Conditions and the Information Memorandum in so far as they affect the preparation of the financial statements and accordingly nothing has been reported by the auditor in their report which is in compliance with the SOCPA requirements.

رأي المحاسب القانوني

إن القوائم المالية المرفقة لهذا التقرير متوافقة مع متطلبات لائحة صناديق الاستثمار الصادرة عن هيئة السوق المالية، وشروط وأحكام الصندوق ومذكرة معلوماته فيما يتعلق بإعداد القوائم المالية، ولم يوجد ما يتطلب الإبلاغ عنه من قبل مراجع الحسابات في تقريره حسب متطلبات الهيئة السعودية للمحاسبين القانونيين.

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2020
with
Independent Auditors' Report to the Unitholders



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Unitholders of AIAhli Fund of REITs Fund

Opinion

We have audited the financial statements of **AIAhli Fund of REITs Fund** ("the Fund") managed by NCB Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity attributable to unitholders and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions, and the Information Memorandum, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund Board, are responsible for overseeing the Fund's financial reporting process.

Independent Auditor's Report

To the Unitholders of AIAhli Fund of REITs Fund (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of AIAhli Fund of REITs Fund ("the Fund").

For KPMG Professional Services



Dr. Abdullah Hamad Al Fozan
License No. 348

Riyadh: 23 Sha'ban 1442H
Corresponding to 5 April 2021



ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Expressed in Saudi Arabian ‘000 (unless otherwise stated)

	<i>Notes</i>	31 December <u>2020</u>	31 December <u>2019</u>
ASSETS			
Cash and cash equivalents	8	385	507
Investments	9	41,173	18,709
Other Receivables		<u>27</u>	<u>--</u>
Total assets		<u>41,585</u>	<u>19,216</u>
LIABILITY			
Other payables		<u>47</u>	<u>18</u>
Equity attributable to Unitholders		<u>41,538</u>	<u>19,198</u>
Units in issue in thousands (number)	10	<u>39,688</u>	<u>19,482</u>
Equity per unit (SAR)		<u>1.0466</u>	<u>0.9854</u>

The accompanying notes 1 to 14 form integral part
of these financial statements

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Note</i>	<i>For the year ended 31 December</i>	
		<u>2020</u>	<u>2019</u>
Realised loss on sale of FVTPL investments		(41)	(813)
Unrealised gain on FVTPL investments		870	4,320
Other income		<u>2,323</u>	<u>1,239</u>
Total income		<u>3,152</u>	<u>4,746</u>
Management fees	11	(195)	(85)
Shariah audit fee		(31)	(28)
Professional fees		(34)	(26)
Fund Board remuneration		(24)	(20)
Administrative expenses		(7)	(10)
Capital market authority fees		(8)	(8)
Value added tax		(20)	(4)
Custody fee		(12)	(2)
		<u> </u>	<u> </u>
Total operating expenses		<u>(331)</u>	<u>(183)</u>
Profit for the year		<u>2,821</u>	<u>4,563</u>
Other comprehensive income for the year		<u>--</u>	<u>--</u>
Total comprehensive income for the year		<u>2,821</u>	<u>4,563</u>

The accompanying notes 1 to 14 form integral part
of these financial statements

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	For the year ended 31 December	
	<u>2020</u>	<u>2019</u>
Equity attributable to unitholders at the beginning of the year	19,198	18,974
Total comprehensive income for the year	2,821	4,563
Increase in equity from unit transactions during the year		
Proceeds from units sold	30,595	3,340
Value of units redeemed	(9,456)	(6,831)
	21,139	(3,491)
Dividend paid during the year	(1,620)	(848)
Equity attributable to Unitholders at the end of the year	<u>41,538</u>	<u>19,198</u>

The accompanying notes 1 to 14 form integral part
of these financial statements

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Note</i>	For the year ended 31 December	
		2020	2019
Cash flows from operating activities			
Profit for the year		2,821	4,563
<u>Adjustment for:</u>			
Realised loss on sale of FVTPL investments		41	813
Unrealised gain on FVTPL investments		(870)	(4,320)
		1,992	1,056
Changes in operating assets and liabilities:			
Investments		(21,635)	3,675
Other Receivables		(27)	--
Other payable		29	(18)
Net cash generated from / (used in) operating activities		(19,641)	4,713
Cash flows from financing activities			
Proceeds from units sold		30,595	3,340
Value of units redeemed		(9,456)	(6,831)
Income distribution to Unitholders		(1,620)	(848)
Net cash generated from / (used in) financing activities		19,519	(4,339)
Net increase in cash and cash equivalents		(122)	374
Cash and cash equivalents at the beginning of the year	8	507	133
Cash and cash equivalents at the end of the year	8	385	507

The accompanying notes 1 to 14 form integral part
of these financial statements

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

1. THE FUND AND ITS ACTIVITIES

AlAhli Fund of REITs Fund ("the Fund") is a Shariah compliant, open-ended investment fund, managed by NCB Capital Company ("the Fund Manager"), a subsidiary of The National Commercial Bank ("the Bank"), for the benefit of the Fund's Unitholders. The Fund is established under article 30 of the Investment Fund Regulations ("the Regulations") issued by the Capital Market Authority ("CMA").

As defined in Capital Market Authority's ("CMA") Regulation No. 2-83-2005 dated 21 Jumada Awal 1426H (28 June, 2005) the Fund Manager conducts following securities' activities:

- a) Dealing;
- b) Arranging;
- c) Managing;
- d) Advising; and
- e) Custody.

The Fund's objective is to provide income to unitholders by investing primarily in Real Estate Investment Traded Funds ("REITs") that satisfy the Fund's Shariah guideline.

The terms and conditions of the Fund were issued on 12 Saffar 1439H (corresponding to 1 November 2017). The Fund commenced its activities on 31 December 2017.

The Fund is governed by the Regulations pursuant to resolution number 1-219-2006 dated 3 Dhul Hija 1427H (corresponding to 24 December 2006) as amended by the Resolution No. 1/61/2016 of Board of the CMA dated 16 Sha'ban 1437H (corresponding to 23 May 2016) which provided detailed requirements for all funds within the Kingdom of Saudi Arabia.

2. BASIS OF ACCOUNTING

These 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 pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA"), and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority, the Fund's terms and conditions and the Information Memorandum.

3. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost convention using accrual basis of accounting and going concern concept except for investments measured at fair value through profit or loss ("FVTPL") which are recorded at fair value.

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.

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

4. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). These financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Fund's functional and presentation currency.

5. CHANGES IN FUND'S TERMS AND CONDITIONS

There is no change in the terms and conditions of the Fund during 2020.

6. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make 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 accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

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 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.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a market price, because this price is reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognizes transfer between levels of fair value at the end of the reporting year during which the change has occurred.

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

6. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)

Fair value estimation (continued)

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.

The fund has classified the investment measured at Fair Value Through Profit or Loss (FVTPL) per the fair value hierarchy as level 1. During the year there has been no transfer in fair value hierarchy for FVTPL investments. For other assets and liabilities such as cash and cash equivalents and other payables, the carrying values are a reasonable approximation of fair value.

7. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. A number of new standards are effective from 1 January 2020 but they do not have a material effect on the Fund's financial statements.

7.1 *Cash and cash equivalents*

Cash equivalents include cash at bank and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents include bank balances.

7.2 *Receivables*

Receivables are initially recognised when they are originated. A receivable without a significant financing component is initially measured at the transaction price (which is equivalent of the fair value) and subsequently at their amortised cost using effective commission rate method. Loss allowance for receivables is always measured at an amount equal to lifetime expected credit losses.

7.3 *Financial assets and liabilities*

Classification of financial assets

On initial recognition, a financial asset is measured at its fair value and classified at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

7.3 *Financial assets and liabilities (continued)*

Financial asset at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

Financial asset at fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and commission on the principle amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund Manager may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial asset at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortized cost or FVOCI are measure at FVTPL.

Business model assessment

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

7.3 *Financial assets and liabilities (continued)*

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and commission

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest or 'Commission' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and commission, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of the time value of money – for example, periodical reset of interest / commission rates.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Classification of financial liabilities

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL.

Recognition and initial measurement

Financial assets at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. Financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition issue.

Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognized in profit or loss in 'gains / (losses) on investments, net' in the statement of comprehensive income.

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

7.3 *Financial assets and liabilities (continued)*

Financial assets and financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest / commission method and is recognized in statement of comprehensive income. Any gain or loss on de-recognition is also recognized in the statement of comprehensive income. The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principle repayments, plus or minus the cumulative commission using the effective interest / commission method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Derecognition

The Fund derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in statement of comprehensive income. Any commission in such transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognized. The Fund derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously.

Income and expenses are presented on a net basis for gain and losses from financial instruments at FVTPL and foreign exchange gains and losses.

7.4 *Provisions*

A provision is recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating loss.

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

7.5 *Equity per unit*

The Fund is open for subscription and redemption of units on every Saudi business day. The equity per unit is calculated by dividing the equity attributable to unitholders included in the statement of financial position by the number of units outstanding at the year end.

7.6 *Distributions to the Unitholders*

Distribution to the Unitholders is accounted for as a deduction from net assets (equity) attributable to the Unitholders.

7.7 *Units in issue*

The Fund classified financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank pari passu in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date as well as in the event of the Fund's liquidation.

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument

Incremental costs directly attributable to the issue or redemption of redeemable units are recognized directly in equity as a deduction from the proceeds or part of the acquisition cost.

7.8 *Taxation / zakat*

Under the current system of zakat and income tax in the Kingdom of Saudi Arabia, the Fund is exempt from paying any zakat and income tax. Zakat and income tax are considered to be the obligation of the Unitholders and are not provided in the financial statements.

The Value Added Tax ("VAT") applicable for fees and expenses are recognized in the statement of comprehensive income.

7.9 *Dividend income*

Dividend income is recognized in statement of comprehensive income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at fair value through profit or loss ("FVTPL") is recognized in statement of comprehensive income in a separate line item.

ALAHLI FUND OF REITs FUND
(Managed by NCB Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

7.10 *Management fee expense*

Management fee expense is recognized in the statement of comprehensive income as the related services are performed.

7.11 *Accrued expenses and other payables*

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

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

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2020. The Fund manager has assessed that the amendments have no significant impact on the Fund's financial statements.

Standards / Interpretations and Amendments

Amendments to IFRS 3 - Definition of a Business

Amendments to IAS 1 and IAS 8 - Definition of Material

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform – Phase 1

7.13 *Standards issued but not yet effective*

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt these standards when they become effective.

<i>Standards / Interpretations and amendments</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IFRS 16	COVID-19 – Related Rent Concessions	June 1, 2020
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2022
Amendments to IAS 37	Onerous contracts – Cost of Fulfilling a contract	January 1, 2022
amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
Amendments to IFRS 3	Reference to Conceptual Framework	January 1, 2022

The above amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements.

Furthermore, the Capital Market Authority, on March 1, 2021, has issued certain amendments to the Investment Funds Regulations and Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority. These amendments have effective dates starting from May 1, 2021. The Fund Manager is currently in the process of evaluating the impact, if any, of these amendments on the Fund's financial statements.

ALAHLI FUND OF REITs FUND
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8. CASH AND CASH EQUIVALENTS

This comprises of balances held with a local Bank having a sound credit rating.

9. INVESTMENTS

INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020		
	<u>% of Total Investment</u>	<u>Cost</u>	<u>Fair value</u>
<i>Investment in Exchange Traded Funds</i>			
Al Rajhi REIT Fund	18.8	7,935	7,754
Jadwa Saudi REIT Fund	35.6	11,418	14,677
SEDCO CAPITAL REIT Fund	4.9	2,027	2,026
AlAhli REIT Fund 1	25.6	11,395	10,549
RIYADH REIT FUND	6.3	2,914	2,598
Taleem REIT Fund	8.8	3,132	3,569
	<u>100</u>	<u>38,821</u>	<u>41,173</u>

	31 December 2019		
	<u>% of Total Investment</u>	<u>Cost</u>	<u>Fair value</u>
<i>Investment in Exchange Traded Funds</i>			
Jadwa Saudi REIT	36.61	5,914	6,849
AlAhli REIT 1	34.98	6,358	6,545
Taleem REIT	23.96	4,059	4,482
Riyad REIT	4.45	897	833
	<u>100.00</u>	<u>17,228</u>	<u>18,709</u>

10. UNIT TRANSACTIONS

Transactions in units are summarized as follows:

	For the year ended 31 December	
	<u>2020</u>	<u>2019</u>
	-----Units' in 000-----	
Units at the beginning of the year	19,482	23,957
Units sold during the year	29,638	3,951
Units redeemed during the year	(9,432)	(8,426)
Units as at the end of the year	<u>39,688</u>	<u>19,482</u>

As at 31 December 2020, the top 5 unitholders (2019: top 5) represented 91.62% (2019: 85.61%) of the Fund's units.

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11. RELATED PARTY TRANSACTIONS AND BALANCES

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. The related parties of the Fund include the Fund Manager, other funds managed by the Fund Manager and Parent of the Fund Manager.

<u>Name of entity</u>	<u>Relationship</u>
National Commercial Bank (NCB)	Shareholder of Fund Manager
NCB Capital Company	Fund Manager
AlAhli Multi-Asset Conservative Fund	Unitholder / Funds managed by NCBC
AlAhli Multi-Asset Growth Fund	Unitholder / Funds managed by NCBC
AlAhli Multi Asset Income Plus Fund	Unitholder / Funds managed by NCBC
AlAhli Multi-Asset Moderate Fund	Unitholder / Funds managed by NCBC
AlAhli GCC Growth and Income Fund	Unitholder / Funds managed by NCBC
AlAhli IPO Fund	Unitholder / Funds managed by NCBC
AlAhli Saudi Trading Equity Fund	Unitholder / Funds managed by NCBC
AlAhli Takaful Company	Affiliate

In addition to the below disclosure, balances with related parties are also disclosed in note 9.

Management fee and other expenses

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues, daily a management fee, as determined by the Fund Manager, which should not be more than the maximum annual rate of 0.5% p.a. of the Fund's daily equity as set out in the Fund's terms and conditions.

The Fund Manager is also entitled to recover expenses incurred on behalf of the Fund relating to audit, custody, advisory, data processing and other similar charges. The maximum amount of such expenses that can be recovered from the Fund by the Fund Manager is restricted to 1% per annum of the Fund's equity at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis except for custody fees, which is borne by the Fund Manager.

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11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions with related parties

During the year, the Fund entered into the following transactions, other than those disclosed elsewhere in the financial statements, with related parties in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions are approved by the Fund Board.

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transactions</u>		<u>Value of units held</u>	
		<u>2020</u>	<u>2019</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
NCB Capital Company	Management fees	195	85		
	Expenses paid on behalf of the fund	136	98	--	--
AlAhli Multi-Asset Conservative Fund	Subscription of units	--	--		
	Redemption of units	--	1,225	--	--
AlAhli Multi-Asset Growth Fund	Subscription of units	--	--		
	Redemption of units	--	389	--	--
AlAhli Multi-Asset Income Plus Fund	Subscription of units	--	--		
	Redemption of units	--	707	--	--
AlAhli Multi-Asset Moderate Fund	Subscription of units	--	--		
	Redemption of units	--	738	--	--
AlAhli Takaful Company	Subscription of units	--	--		
	Redemption of units		353	--	--
AlAhli GCC Growth and Income Fund	Subscription of units	--	--	--	
	Redemption of units	1,000	--	1,047	985
AlAhli IPO Fund	Subscription of units	--	--		
	Redemption of units	--	808	--	--
AlAhli Saudi Trading Equity Fund	Subscription of units		--		
	Redemption of units	3,000	--	3,095	2,956

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12. FINANCIAL RISK MANAGEMENT

12.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks including market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

12.1.1 Market risk

'Market Risk' is the risk that changes in market prices – such as commission rates, foreign exchange rates, equity prices and credit spreads – will affect the Fund's income or the fair value of its holdings in financial instruments.

a) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The Fund does not have any foreign exchange risk since all of the transactions are carried out in SAR.

b) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, the Fund has investments in mutual funds.

The effect on the equity (as a result of the change in the fair value of investments) due to a reasonably possible change in equity of the equities, with all other variables held constants is as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Effect on equity	±10% <u>4,117</u>	±10% <u>1,871</u>

12.1.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund Manager seeks to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. As at the statement of financial position date, the Fund's maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents, which represent balances with a local Bank having Moody's credit rating of A3.

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12. FINANCIAL RISK MANAGEMENT (continued)

12.1 Financial risk factors (continued)

12.1.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Saudi business day and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the facilities obtained by the Fund Manager.

The Fund manages its liquidity risk by investing predominantly in securities that it expects to be able to liquidate within short period.

12.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management Team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures
- requirements for
 - appropriate segregation of duties between various functions, roles and responsibilities;
 - reconciliation and monitoring of transactions; and
 - periodic assessment of operational risks faced,
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation.

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12.1.5 Considerations due to covid-19

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing a “second wave” of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of the Kingdom of Saudi Arabia (“the Government”) however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government, following which the Government has ended the lockdowns and has taken phased measures towards normalization.

Recently, a number of COVID-19 vaccines have been developed and approved for mass distribution by various governments around the world. The Government has also approved a vaccine which is currently available for healthcare workers and certain other categories of people and it will be available to the masses in general during 2021. Despite the fact that there are some uncertainties around the COVID-19 vaccine such as how long the immunity last, whether vaccine will prevent transmission or not etc.; however, the testing results showed exceptionally high success rates. Hence, the Fund continues to be cognizant of both the micro and macroeconomic challenges that COVID-19 has posed, the teething effects of which may be felt for some time and is closely monitoring its exposures.

13. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these financial statements was 31 December 2020 (2019: 31 December 2019).

14. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund Manager on 23 Sha’ban 1442H Corresponding to 5 April 2021.