

**Al Rajhi Global Equity Fund
(Managed by Al Rajhi Capital)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020



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Independent auditor's review report on the interim condensed financial statements To the Unitholders of Al Rajhi Global Equity Fund

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Al Rajhi Global Equity Fund (the "Fund") managed by Al Rajhi Capital (the "Fund Manager") as at 30 June 2020 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2020, and 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") 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" 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young

Yousef A. AlMubarak
Certified Public Accountant
License No. 427

Riyadh: 4 Muharram 1442H
(23 August 2020)



AL RAJHI GLOBAL EQUITY FUND

Interim condensed statement of financial position

As at 30 June 2020

	<i>Note</i>	30 June 2020 (Unaudited) USD	31 December 2019 (Audited) USD
ASSETS			
Bank balance		1,349,399	6,331,358
Financial assets at fair value through profit or loss (FVTPL)	4	18,902,932	19,596,367
TOTAL ASSETS		20,252,331	25,927,725
LIABILITIES			
Management fee payable	5	48,182	31,164
Accrued expenses and other payables	6	34,574	39,104
Redemption payable	7	896,587	6,009,963
TOTAL LIABILITIES		979,343	6,080,231
EQUITY			
Net assets attributable to unitholders of redeemable units		19,272,988	19,847,494
TOTAL LIABILITIES AND EQUITY		20,252,331	25,927,725
Redeemable units in issue		65,782	66,487
Net asset value attributable to each per unit		292.98	298.52

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

AL RAJHI GLOBAL EQUITY FUND

Unaudited interim condensed statement of comprehensive income

For the six-month period ended 30 June 2020

	<i>Note</i>	2020 USD	2019 USD
INCOME			
Net unrealized (loss) gain on financial assets at FVTPL		(241,156)	1,286,750
Net realized (loss) gain on financial assets at FVTPL		(120,377)	147,983
Dividend income		140,648	84,576
TOTAL (LOSS) INCOME		(220,885)	1,519,309
EXPENSES			
Management fees	5	(140,593)	(82,247)
Purification charges	8	(25,601)	(8,842)
Other expenses	9	(32,546)	(22,992)
TOTAL EXPENSES		(198,740)	(114,081)
NET (LOSS) INCOME FOR THE PERIOD		(419,625)	1,405,228
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(419,625)	1,405,228

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

AL RAJHI GLOBAL EQUITY FUND

Unaudited interim condensed statement of changes in equity
For the six-month period ended 30 June 2020

	2020 USD	2019 USD
EQUITY AT THE BEGINNING OF THE PERIOD	19,847,494	9,751,635
Net (loss) income for the period	(419,625)	1,405,228
Other comprehensive income for the period	-	-
Total comprehensive (loss) income for the period	(419,625)	1,405,228
Issue of units during the period	1,707,309	805,732
Redemption of units during the period	(1,862,190)	(301,894)
EQUITY AT THE END OF THE PERIOD	19,272,988	11,660,701
	<u>Units</u>	<u>Units</u>
REDEEMABLE UNIT TRANSACTIONS		
Transactions in redeemable units during the period are summarised as follows:		
UNITS AT THE BEGINNING OF THE PERIOD	66,487	50,127
Issue of units during the period	5,877	3,055
Redemption of units during the period	(6,582)	(6,206)
Net decrease in units	(705)	(3,151)
UNITS AT THE END OF THE PERIOD	65,782	46,976

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

AL RAJHI GLOBAL EQUITY FUND

Unaudited interim condensed statement of cash flows

For the six-month period ended 30 June 2020

	2020 USD	2019 USD
Operating activities		
Net (loss) income for the period	(419,625)	1,405,228
<i>Adjustments to reconcile net (loss) income to net cash flows (used in) from operating activities:</i>		
Movement in unrealised loss (gain) on financial assets at FVTPL	241,156	(1,286,750)
<i>Working capital adjustments:</i>		
Decrease (increase) in financial assets at FVTPL	452,279	(42,530)
Increase in management fee payable	17,018	295
Decrease in accrued expenses and other payables	(4,530)	(9,624)
Decrease in redemption payable	(5,113,376)	-
Net cash flows (used in) from operating activities	(4,827,078)	66,619
Financing activities		
Proceeds from issuance of units	1,707,309	805,732
Payment on redemption of units	(1,862,190)	(301,894)
Net cash flows (used in) from financing activities	(154,881)	503,838
Net (decrease) increase in bank balances	(4,981,959)	570,457
Bank balances at the beginning of the period	6,331,358	463,175
Bank balances at the end of the period	1,349,399	1,033,632
<u>Operational cash flows from dividends:</u>		
Dividends received	140,648	84,576

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

AL RAJHI GLOBAL EQUITY FUND

Notes to unaudited interim condensed financial statements

At 30 June 2020

1. INCORPORATION AND ACTIVITIES

Al Rajhi Global Equity Fund (the “Fund”) is an open-ended investment fund created by an agreement between Al Rajhi Capital (the “Fund Manager”), a wholly owned subsidiary of the Al Rajhi Banking and Investment Corporation (the “Bank”), and investors (the “Unitholders”) in the Fund. The address of the Fund Manager is as follows:

Al Rajhi Capital, Head Office
8467 King Fahad Road, Al Muruj District
P.O. Box 2743
Riyadh 11263
Kingdom of Saudi Arabia

The Fund is designed for investors seeking capital appreciation. The assets of the Fund are invested in diversified global equity transactions and in mutual funds in accordance with Sharia principles. All the trading profits are reinvested in the Fund. The Fund was established on 25 December 1995.

The Fund has appointed AlBilad Investment Company (the “Custodian”) to act as its custodian. The fees of the custodian are paid by the Fund.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

Based on historical information, between 5% and 30% of the Fund's units are redeemed throughout the period.

2. REGULATING AUTHORITY

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

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1. Basis of preparation

These interim condensed financial statements for the six-month period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund's annual financial statements as at 31 December 2019.

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for investments held at FVTPL that are measured at fair value. These interim condensed financial statements are presented in United States Dollar (“USD”), which is the Fund's functional currency. All financial information presented has been rounded to the nearest USD.

3.2 New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2019. There are new standards, amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial statements. In the opinion of the Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

AL RAJHI GLOBAL EQUITY FUND

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2020

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of the investment's portfolio on the last valuation day of the period/year end is summarised below:

30 June 2020 (Unaudited)				
	% of Market Value	Cost USD	Market value USD	Unrealised gain USD
<u>Investments</u>				
Microsoft Corporation	5.27	324,206	996,181	671,975
Apple Inc.	5.16	438,531	975,840	537,309
Alphabet Inc.	4.09	445,593	772,837	327,244
Facebook Corporation	3.12	392,773	590,382	197,609
Johnson & Johnson	2.68	453,449	506,268	52,819
Roche Holding AG	2.68	428,699	505,927	77,228
Procter & Gamble	2.59	405,829	490,237	84,408
Autozone Inc.	2.27	420,449	428,686	8,237
Merck & Co. Inc.	2.17	395,464	409,849	14,385
Danaher Corp.	2.11	201,632	399,636	198,004
Salesforce.com Inc.	2.03	311,082	384,027	72,945
ASML Holding	2.02	151,107	381,844	230,737
Colgate-Palmolive Company	2.02	354,830	380,952	26,122
	38.21	4,723,644	7,222,666	2,499,022
Other equities (individually less than 2%)	61.79	10,300,023	11,680,266	1,380,243
Total	100.00	15,023,667	18,902,932	3,879,265
31 December 2019 (Audited)				
	% of Market Value	Cost USD	Market value USD	Unrealised gain USD
<u>Investments</u>				
Apple Inc.	4.95	540,991	969,045	428,054
Microsoft Corporation	4.71	387,457	922,545	535,088
Alphabet Inc.	3.73	445,593	729,968	284,375
Facebook Corporation	2.72	392,773	533,650	140,877
Procter & Gamble	2.10	316,769	412,170	95,401
	18.21	2,083,583	3,567,378	1,483,795
Other equities (individually less than 2%)	81.79	13,392,363	16,028,989	2,636,626
Total	100.00	15,475,946	19,596,367	4,120,421

The above equity investments are listed on the leading stock exchange around the world. The Fund Manager seeks to limit risk for the Fund by monitoring exposures in each investment sector and individual securities.

5. TRANSACTIONS WITH RELATED PARTIES

A. Transactions and balances with Fund Manager

In the ordinary course of its activities, the Fund transacts business with related parties.

The Fund pays the Fund Manager a management fee calculated at an annual rate of 1.5% per annum calculated on the total assets value at each valuation date. The fee is intended to compensate the Fund Manager for administration of the Fund.

AL RAJHI GLOBAL EQUITY FUND

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2020

5. TRANSACTIONS WITH RELATED PARTIES (continued)

A. Transactions and balances with Fund Manager

The management fees amounting to USD 140,593 (30 June 2019: USD 82,247) reflected in the interim condensed statement of comprehensive income represent the fees charged by the Fund Manager during the period as described above.

As at 30 June 2020, management fees amounting to USD 48,182 (31 December 2019: USD 31,164) are payable to the Fund Manager.

The units in issue at 30 June 2020 include Nil units held by the employees of the Fund Manager (31 December 2019: Nil units).

The units in issue at 30 June 2020 include Nil units held by the Fund Manager (31 December 2019: Nil units).

At the end of the period, the cash balance with the Bank is USD 1,048,344 (31 December 2019: USD 134,485).

B. Transactions with Board of Directors

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent director's fees are currently USD 1,333 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board.

Board of Directors' fees amounting to USD Nil (30 June 2019: USD Nil) was charged during the period. As at 30 June 2020, Board of Directors' fees amounting to USD Nil (31 December 2019: USD Nil) is payable to the Fund's Board of Directors.

6. ACCRUED EXPENSES AND OTHER PAYABLES

	<i>30 June 2020 (Unaudited) USD</i>	<i>31 December 2019 (Audited) USD</i>
Accrued purification fees	25,601	25,773
Accrued professional fees	6,564	13,179
Other accrued expenses	2,409	152
	<u>34,574</u>	<u>39,104</u>

7. REDEMPTION PAYABLE

The redemption payable represents units redeemed by unitholders up to 30 June 2020 (31 December 2019) which were settled subsequently.

8. PURIFICATION CHARGES

The purification charges amounting to USD 25,601 (30 June 2019: USD 8,842), represent charges incurred in respect of purification of the income generated from the investee companies in order to achieve a Sharia compliant return. These charges are calculated based on the Fund's Sharia Board approved formula and paid to charities recommended by the Fund's Sharia Board through the Fund Manager.

AL RAJHI GLOBAL EQUITY FUND

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2020

9. OTHER EXPENSES

	2020 (Unaudited) USD	2019 (Unaudited) USD
Dealing fees	18,273	10,418
Professional fees	6,630	6,525
Others	7,643	6,049
	<u>32,546</u>	<u>22,992</u>

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has only investments at FVTPL which is measured at fair value and are classified within level 1 of the fair value hierarchy. Management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

11. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

<i>As at 30 June 2020 (Unaudited)</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
ASSETS			
Bank balance	1,349,399	-	1,349,399
Financial assets at FVTPL	18,902,932	-	18,902,932
TOTAL ASSETS	<u>20,252,331</u>	<u>-</u>	<u>20,252,331</u>
LIABILITIES			
Management fee payable	48,182	-	48,182
Accrued expenses and other payables	34,574	-	34,574
Redemption payable	896,587	-	896,587
TOTAL LIABILITIES	<u>979,343</u>	<u>-</u>	<u>979,343</u>
<i>As at 31 December 2019 (Audited)</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
ASSETS			
Bank balance	6,331,358	-	6,331,358
Financial assets at FVTPL	19,596,367	-	19,596,367
TOTAL ASSETS	<u>25,927,725</u>	<u>-</u>	<u>25,927,725</u>
LIABILITIES			
Management fee payable	31,164	-	31,164
Accrued expenses and other payables	39,104	-	39,104
Redemption payable	6,009,963	-	6,009,963
TOTAL LIABILITIES	<u>6,080,231</u>	<u>-</u>	<u>6,080,231</u>

AL RAJHI GLOBAL EQUITY FUND

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2020

12. LAST VALUATION DAY

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

13. IMPACT OF COVID-19 ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities and business continuity, the Fund Manager has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

As of the date of interim condensed financial statements for the six months period ended 30 June 2020, the Fund’s operations and financial results have witnessed impact due to the COVID-19 outbreak mainly as result of decline in the Fund’s investments’ fair values in line with share prices declining trend. The impact of the pandemic on the Fund’s operations and financial results till the date of the interim financial statements has been reflected in the net assets value and investments value. These developments could further impact our future financial results, cash flows and financial condition and the Fund Manager will continue to assess the nature and extent of the impact on its business and financial results.

14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund’s management on 4 Muharram 1442H (corresponding to 23 August 2020).