

**Al Rajhi Multi Asset Conservative 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



Ernst & Young & Co. (Certified Public Accountants) Registration No. 45/11/323
General Partnership C.R. No. 1010383821
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com/mena

**Independent auditor's review report on the interim condensed financial statements
To the Unitholders of Al Rajhi Multi Assets Conservative Fund**

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Al Rajhi Multi Assets Conservative 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 MULTI ASSET CONSERVATIVE FUND

Interim condensed statement of financial position

As at 30 June 2020

	<i>Note</i>	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
ASSETS			
Bank balance		45,662	189,396
Financial assets at fair value through profit or loss (FVTPL)	4	37,556,427	40,281,914
TOTAL ASSETS		37,602,089	40,471,310
LIABILITY			
Accrued expenses and other payables	6	21,040	47,238
TOTAL LIABILITY		21,040	47,238
EQUITY			
Net assets attributable to unitholders of redeemable units		37,581,049	40,424,072
TOTAL LIABILITY AND EQUITY		37,602,089	40,471,310
 Redeemable units in issue		 82,814	 89,038
 Net asset value attributable to each per unit		 453.80	 454.01

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

AL RAJHI MULTI ASSET CONSERVATIVE FUND

Unaudited interim condensed statement of comprehensive income
For the six-month period ended 30 June 2020

	2020 SR	2019 SR
INCOME		
Net unrealized (loss) gain on financial assets at FVTPL	(361,856)	757,220
Net realized gain on financial assets at FVTPL	156,872	354,495
Dividend income	73,598	57,691
TOTAL (LOSS) INCOME	(131,386)	1,169,406
EXPENSE		
Other expenses	7 (23,119)	(26,005)
NET (LOSS) INCOME FOR THE PERIOD	(154,505)	1,143,401
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(154,505)	1,143,401

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

AL RAJHI MULTI ASSET CONSERVATIVE FUND

Unaudited interim condensed statement of changes in equity

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
EQUITY AT THE BEGINNING OF THE PERIOD	40,424,072	36,314,037
Net (loss) income for the period	(154,505)	1,143,401
Other comprehensive income for the period	-	-
Total comprehensive (loss) income for the period	(154,505)	1,143,401
Issue of units during the period	2,462,084	1,930,067
Redemption of units during the period	(5,150,602)	(3,312,647)
EQUITY AT THE END OF THE PERIOD	37,581,049	36,074,858
	<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	89,038	84,339
Issue of units during the period	5,463	4,394
Redemption of units during the period	(11,687)	(7,569)
Net decrease in units	(6,224)	(3,175)
UNITS AT THE END OF THE PERIOD	82,814	81,164

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

AL RAJHI MULTI ASSET CONSERVATIVE FUND

Unaudited interim condensed statement of cash flows

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
Operating activities		
Net (loss) income for the period	(154,505)	1,143,401
<i>Adjustments to reconcile net (loss) income to net cash flows from operating activities:</i>		
Movement in unrealised loss (gain) on financial assets at FVTPL	361,856	(757,220)
<i>Working capital adjustments:</i>		
Decrease in financial assets at FVTPL	2,363,631	1,011,457
Decrease in accrued expenses and other payables	(26,198)	(22,246)
Net cash flows from operating activities	<u>2,544,784</u>	<u>1,375,392</u>
Financing activities		
Proceeds from issuance of units	2,462,084	1,930,067
Payment on redemption of units	(5,150,602)	(3,312,647)
Net cash flows used in financing activities	<u>(2,688,518)</u>	<u>(1,382,580)</u>
Net decrease in bank balance	<u>(143,734)</u>	<u>(7,188)</u>
Bank balance at the beginning of the period	<u>189,396</u>	<u>73,239</u>
Bank balance at the end of the period	<u><u>45,662</u></u>	<u><u>66,051</u></u>
<u>Operational cash flows from dividends:</u>		
Dividends received	<u><u>73,598</u></u>	<u><u>57,691</u></u>

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

AL RAJHI MULTI ASSET CONSERVATIVE FUND

Notes to unaudited interim condensed financial statements

At 30 June 2020

1. INCORPORATION AND ACTIVITIES

Al Rajhi Multi Asset Conservative 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 to preserve and increase their capital in accordance with Islamic principles through investment in other investment funds. The Fund's net income is reinvested in the Fund, which affects the value and price per unit. The Fund was established on 24 Rabi Al Thani 1432H (corresponding to 29 March 2011).

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 10% 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 to 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 Saudi Arabian Riyals ("SR"), which is the Fund's functional currency. All financial information presented has been rounded to the nearest SR.

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 MULTI ASSET CONSERVATIVE 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 SR	Market value SR	Unrealised gain/(loss) SR
<i>Investments in Funds</i>				
Al Rajhi Commodities Mudaraba Fund - Saudi Riyal	47.85	17,092,313	17,971,710	879,397
Al Rajhi Commodities Mudaraba Fund – USD	27.80	9,707,934	10,439,240	731,306
Al Rajhi Sukuk Fund	8.04	2,767,617	3,019,879	252,262
Al Rajhi Global Equity Fund	5.52	1,725,301	2,071,280	345,979
Al Rajhi MSCI Saudi Multi Factor Index Fund	3.27	1,253,475	1,228,648	(24,827)
Al Rajhi Saudi Equity Income Fund	2.37	873,088	890,144	17,056
Jadwa REIT Fund	1.46	421,760	546,926	125,166
Al Rajhi REIT Fund	1.16	451,891	434,595	(17,296)
Derayah REIT Fund	1.04	369,674	390,975	21,301
Al Rajhi MENA Dividend Growth Fund	0.87	378,048	327,116	(50,932)
SEDCO Capital REIT Fund	0.62	253,650	235,914	(17,736)
Total	100.00	35,294,751	37,556,427	2,261,676
31 December 2019 (Audited)				
	% of Market Value	Cost SR	Market value SR	Unrealised gain/(loss) SR
<i>Investments in Funds</i>				
Al Rajhi Commodities Mudaraba Fund - Saudi Riyal	46.01	17,709,722	18,534,774	825,052
Al Rajhi Commodities Mudaraba Fund – USD	29.38	11,109,578	11,836,632	727,054
Al Rajhi Sukuk Fund	7.48	2,767,617	3,010,707	243,090
Al Rajhi Global Equity Fund	5.86	1,929,409	2,360,049	430,640
Al Rajhi MSCI Saudi Multi Factor Index Fund	3.09	1,232,326	1,245,103	12,777
Al Rajhi Saudi Equity Income Fund	2.94	1,052,660	1,185,678	133,018
Jadwa REIT Fund	1.64	507,973	659,904	151,931
Derayah REIT Fund	1.17	413,002	470,400	57,398
Al Rajhi REIT Fund	1.08	397,551	432,517	34,966
Al Rajhi MENA Dividend Growth Fund	0.88	378,048	355,914	(22,134)
SEDCO Capital REIT Fund	0.47	160,496	190,236	29,740
Total	100.00	37,658,382	40,281,914	2,623,532

Investments in mutual funds are unrated. The Fund also does not have an internal grading mechanism. However, the Fund Manager seeks to limit its risk by monitoring each investment exposure and setting limits for individual investment.

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 Manager charges the Fund with charges such as, professional fees, Board of Directors' remuneration and any other expenses incurred on behalf of the Fund. Based on the agreement between the Fund and the Fund Manager, the Fund is not required to pay any fees for the management by the Fund.

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 SR 13,464 (31 December 2019: SR 839).

AL RAJHI MULTI ASSET CONSERVATIVE FUND

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2020

5. TRANSACTIONS WITH RELATED PARTIES (continued)

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

6. ACCRUED EXPENSES AND OTHER PAYABLES

	<i>30 June 2020 (Unaudited) SR</i>	<i>31 December 2019 (Audited) SR</i>
Accrued professional fees	15,671	31,500
Other accrued expenses	5,369	15,738
	<u>21,040</u>	<u>47,238</u>

7. OTHER EXPENSES

	<i>2020 (Unaudited) SR</i>	<i>2019 (Unaudited) SR</i>
Professional fees	15,671	15,621
Others	7,448	10,384
	<u>23,119</u>	<u>26,005</u>

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has investment in REIT funds measured at fair values and are allocated within level 1 of the fair value hierarchy. In addition, the Fund holds investment in other than REIT Funds measured at fair values and are allocated within level 2 of the fair value hierarchy. All other financial assets and liabilities are classified as amortized cost and 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.

9. MATURITY ANALYSIS OF ASSETS AND LIABILITY

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

<i>As at 30 June 2020 (Unaudited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Bank balance	45,662	-	45,662
Financial assets at FVTPL	37,556,427	-	37,556,427
TOTAL ASSETS	<u>37,602,089</u>	<u>-</u>	<u>37,602,089</u>
LIABILITY			
Accrued expenses and other payables	21,040	-	21,040
TOTAL LIABILITY	<u>21,040</u>	<u>-</u>	<u>21,040</u>

AL RAJHI MULTI ASSET CONSERVATIVE FUND

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2020

9. MATURITY ANALYSIS OF ASSETS AND LIABILITY (continued)

<i>As at 31 December 2019 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Bank balance	189,396	-	189,396
Financial assets at FVTPL	40,281,914	-	40,281,914
TOTAL ASSETS	<u>40,471,310</u>	<u>-</u>	<u>40,471,310</u>
LIABILITY			
Accrued expenses and other payables	47,238	-	47,238
TOTAL LIABILITY	<u>47,238</u>	<u>-</u>	<u>47,238</u>

10. LAST VALUATION DAY

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

11. 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.

12. 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).