

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023
together with the
Independent Auditor's Review Report to the Unitholders

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Unitholders of Al Rajhi Monthly Distribution Fund

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of **Al Rajhi Monthly Distribution Fund** (the "Fund"), managed by Al Rajhi Capital Company (the "Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of comprehensive income for the period from 01 September 2022 to 30 June 2023;
- the condensed statement of changes in net assets (equity) attributable to the Unitholders for the period from 01 September 2022 to 30 June 2023;
- the condensed statement of cash flows for the period from 01 September 2022 to 30 June 2023; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority and the Fund's Terms and Conditions. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed 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 30 June 2023 condensed interim financial statements of **Al Rajhi Monthly Distribution Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No. 371



Date: 21 Muharram 1445H
Corresponding to: 8 August 2023

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون"، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجزيرة محدودة بضمان، جميع الحقوق محفوظة.

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Statement of Financial Position (Unaudited)
As at 30 June 2023
(Amounts in SAR)

	<i>Notes</i>	30 June 2023 (Unaudited)
<u>ASSETS</u>		
Cash and cash equivalents	7	109,542,182
Investments at fair value through profit or loss ("FVTPL")	8	606,393,469
Investments at amortised cost	9	176,378,032
Accrued special commission income		506,312
Dividend receivable		83,769
Total Assets		892,903,764
<u>LIABILITIES</u>		
Management fee payable	10	970,433
Payable to the Unitholders on account of redemptions		476,583
Accrued expenses	11	154,201
Total Liabilities		1,601,217
Net assets (equity) attributable to the Unitholders		891,302,547
Units in issue (numbers)		84,177,169
Net assets (equity) attributable to each unit (SAR) - IFRS		10.59
Net assets (equity) attributable to each unit (SAR) – Dealing		10.59

The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements.

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Statement of Comprehensive Income (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

	<i>Notes</i>	For the period from 01 September 2022 to 30 June 2023
INCOME		
Net realized gain on investments at FVTPL		34,436,484
Net unrealized gain on investments at FVTPL		19,282,725
Dividend income		16,389,276
Special commission income		2,474,953
Other income		7,755
Total income		72,591,193
EXPENSES		
Management fee	10	5,128,734
Purification charges	12	3,850
Other expenses	13	248,029
Total expenses		5,380,613
Net income for the period		67,210,580
Other comprehensive income for the period		--
Total comprehensive income for the period		67,210,580

The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements.

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Statement of Changes in Net Assets (Equity)
Attributable to the Unitholders (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

	<i>Notes</i>	For the period from 01 September 2022 to 30 June 2023
Net assets (equity) attributable to the Unitholders at beginning of the period		--
Net income for the period		67,210,580
Other comprehensive income for the period		--
Total comprehensive income for the period		67,210,580
Contributions and redemptions by the Unitholders		
Proceeds from issuance of units during the period		1,162,484,225
Payments on redemption of units during the period		(303,107,356)
Net contributions by the Unitholders		859,376,869
Distribution to the Unitholders	16	(35,284,902)
Net assets (equity) attributable to the Unitholders at end of the period		891,302,547
		For the period from 01 September 2022 to 30 June 2023
Units in issuance at beginning of the period		--
Issuance of units during the period		114,980,801
Redemption of units during the period		(30,803,632)
Net increase in units		84,177,169
Units in issuance at end of the period		84,177,169

The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements.

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Statement of Cash Flows (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

	<i>Notes</i>	For the period from 01 September 2022 to 30 June 2023
Cash flows from operating activities		
Net income for the period		67,210,580
Adjustments for:		
Net realized gain on investments at FVTPL		(34,436,484)
Net unrealized gain on investments at FVTPL		(19,282,725)
Dividend income		(16,389,276)
Net changes in operating assets and liabilities		
Purchase of investments at FVTPL		(1,088,129,427)
Proceeds from sale of investments at FVTPL		535,455,167
Purchase of investment at amortised cost		(175,000,000)
Increase in accrued special commission income		(1,884,344)
Increase in management fee payable		970,433
Increase in redemption payable to the unit holders		476,583
Increase in accrued expenses		154,201
		(730,855,292)
Dividend received		16,305,507
Net cash used in operating activities		(714,549,785)
Cash flows from financing activities		
Proceeds from issuance of units		1,162,484,225
Payments on redemption of units		(303,107,356)
Distribution to the Unitholders	16	(35,284,902)
Net cash flows generated from financing activities		824,091,967
Net increase in cash and cash equivalents		109,542,182
Cash and cash equivalents at the beginning of the period		--
Cash and cash equivalents at the end of the period	7	109,542,182

The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements.

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

- (a) Al Rajhi Monthly Distribution Fund, (the “Fund”) is an open-ended investment fund created by an agreement between Al Rajhi Capital Company (the “Fund Manager”), a wholly owned subsidiary of 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 an open investment fund that aims to distribute income on a monthly basis through investing in income-generating securities such as shares, traded funds, traded real estate funds, debt instruments, fixed income and money market instruments that are compatible with the Sharia Supervision Committee’s regulations.

The Fund was established on 06 Muharram 1444H (corresponding to 04 August 2022) as per notification to the Capital Market Authority (CMA) and commenced its operations on 05 Safar 1444 (corresponding to 01 September 2022). Therefore, the Fund’s first financial period runs from 01 September 2022 to 30 June 2023, and as a result, comparative figures for the statements are not presented.

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. The Fund pays the Fund Manager a management fee calculated at an annual rate of 1.25% per annum calculated on the net assets value at each valuation date. The fee is intended to compensate the Fund Manager for administration of the Fund.

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

- (b) The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “Amended Regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016). The Regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

2. BASIS OF ACCOUNTING

These condensed interim financial statements are prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by the CMA and the Fund’s terms and conditions.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for investments held at FVTPL that were measured 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 condensed interim statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are presented in Saudi Arabian Riyal (“SR”), which is the Fund’s functional currency. All amounts have been rounded to the nearest SR, unless otherwise indicated.

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
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Notes to the Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

5. USE OF JUDGMENTS AND ESTIMATES

In preparing these condensed interim financial statements, management has made 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 estimates are recognized prospectively.

6. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Fund in preparing its financial statements.

A. Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks, cash held with broker in trading account and with custodian in investment account and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

B. Financial assets and liabilities

Recognition and initial measurement

Financial assets and liabilities at Fair value through Profit and loss ("FVTPL") are initially recognised at trade date, which is the date on which the Fund becomes party to the contractual provisions of the instruments. Other financial assets and liabilities are recognised on the date on which they are originated.

Financial assets at FVTPL are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets not at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

A financial asset is measured at amortised 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 interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All other financial assets of the Fund are measured at FVTPL.

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Notes to the Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

Business model assessment

The Fund makes an assessment of 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 the information is provided to the Fund Manager.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because 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 profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' 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 (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, 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.

Reclassification

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

Classification of financial liabilities

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

Derecognition

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial 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 it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Transactions in which the Fund 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 portion of them, the transferred assets are not derecognized. Transfer of assets with retention of all or substantially all of the risk and rewards include sale and repurchase transactions.

Transactions in which the Fund neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The Fund derecognises a financial liability when its contractual obligations are either discharged or cancelled, or expired.

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Notes to the Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

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 currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS as endorsed in the Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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 mid price, because this price provides a 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 recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 14.

C. Subscription and redemption on units

Units subscribed and redeemed are recorded at net asset (equity) value per unit on the Valuation Day for which the subscription request and redemption applications are received.

Redeemable units

Redeemable units are as equity instruments as they meet certain criteria. Those criteria include:

- the redeemable units must entitle the holder to a pro-rata share of net assets;
- the redeemable units must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the redeemable units over its life must be based substantially on the profit or loss of the issuer.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

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(Managed by Al Rajhi Capital Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Net assets value per unit

The net asset value per unit as disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units outstanding at period end.

E. Revenue recognition

Net gain or loss on financial assets and liabilities at FVTPL

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Special commission income

Special commission income including special commission income from non-derivative financial assets measured at amortised cost, are recognized in the statement of comprehensive income, using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Dividend income

Dividend income is recognised in the statement of comprehensive income on the date on which the right to receive the payment for dividend 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 FVTPL is recognised in the statement of comprehensive income in a separate line item.

F. Fee and other expenses

These are measured and recognized as expenses on an accrual basis in the period in which they are incurred.

G. Zakat and Income tax

Under the current system of zakat and taxation in the Kingdom of Saudi Arabia the Fund does not pay any zakat and income tax. Zakat and income tax are considered to be the obligation of the unitholders and are not provided in these financial statements.

The value added tax (VAT) applicable for fees and expenses are recognized in the statement of comprehensive income.

H. Provisions

Provisions are recognized whenever there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2023 and accordingly adopted by the Fund, as applicable:

<u>Standards / Amendments</u>	<u>Description</u>
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to IFRS 17	Insurance Contracts

The adoption of the amended standards and interpretations applicable to the Fund did not have any significant impact on these condensed interim financial statements.

a) *New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective*

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective up to the date of issuance of the Fund's condensed interim financial statements. The Fund intends to adopt these standards when they become effective.

<u>Standards / Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 1	Classification of liabilities as current or non-current and non current liabilities with covenant	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	1 January 2024

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of bank balances with Al Rajhi Banking and Investment Corporation (the "Bank"), the parent entity of the Fund Manager. In addition, these balances also comprise of cash placed with Al Bilad Investment Company (the Custodian) amounting to SR 103,869,965 for buying and selling of investment securities.

AL RAJHI MONTHLY DISTRIBUTION FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the period from 01 September 2022 to 30 June 2023
(Amounts in SAR)

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investments at FVTPL comprise the following investments as at the reporting date:

	30 June 2023 (Unaudited)			
	Cost	Fair value	% of Fair value	Unrealised gain/(loss)
<u>Investments:</u>				
Equity securities (note 8.1)	417,712,666	442,116,959	72.91	24,404,293
Units of mutual funds (note 8.2)	154,398,078	149,276,510	24.62	(5,121,568)
Sukuk (note 8.3)	15,000,000	15,000,000	2.47	-
Total	587,110,744	606,393,469	100.00	19,282,725

8.1 The composition of the Fund's equity securities investment portfolio by industry sector is as follows:

	30 June 2023 (Unaudited)			
	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain (SAR)
<u>Investments (by sectors)</u>				
Energy	149,790,128	159,047,509	35.97	9,257,381
Industrial	121,004,219	122,991,820	27.82	1,987,601
Telecommunication	87,358,244	91,460,851	20.69	4,102,607
Consumer	54,748,909	62,443,317	14.12	7,694,408
Education	4,811,166	6,173,462	1.40	1,362,296
Total	417,712,666	442,116,959	100.00	24,404,293

The above equity investments are listed on the leading international stock exchanges. The Fund Manager seeks to limit risk of the Fund by monitoring exposures in each investment sector and individual securities.

8.2 The composition of the Fund's investment portfolio in the units of mutual funds is as follows:

	30 June 2023 (Unaudited)			
	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain/(loss) (SAR)
<u>Name of Funds</u>				
Jadwa REIT Saudi Fund	65,198,934	67,471,278	45.20	2,272,344
AL Maather REIT Fund	27,816,932	26,890,722	18.01	(926,210)
SEDCO Capital REIT Fund	27,716,787	24,047,327	16.11	(3,669,460)
AlAhli REIT Fund 1	12,273,375	10,124,571	6.78	(2,148,804)
Albilad Saudi Sovereign Sukuk ETF	6,974,849	6,711,662	4.50	(263,187)
Al Rajhi Financing Private Fund 1 - Alwalla Fund*	5,555,000	5,555,167	3.72	167
Taleem REIT Fund	4,661,838	4,426,267	2.97	(235,571)
Al Rajhi REIT Fund*	4,200,363	4,049,516	2.71	(150,847)
Total	154,398,078	149,276,510	100.00	(5,121,568)

* A fund managed by the Fund Manager.

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.

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8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

8.3 The composition of investment in Sukuk, is as follows:

<u>Description</u>	<u>Maturity date</u>	<u>Fair value as at 30 June 2023</u>
BAHRI Sukuk	5-Jul-29	15,000,000
		<u>15,000,000</u>

This carries a profit rate of 6.78% per annum.

9. INVESTMENTS AT AMORTISED COST

	<i>Notes</i>	30 June 2023 (Unaudited)
Murabaha placements	9.1	175,000,000
Accrued special commission income		1,378,032
		<u>176,378,032</u>

9.1 Remaining maturity of Murabaha placement is as follows;

	30 June 2023 (Unaudited)
Upto 1 month	30,000,000
1-3 months	45,000,000
3-6 months	15,000,000
6 to 9 months	20,000,000
9 to 12 months	65,000,000
	<u>175,000,000</u>

Murabaha placements are held with the local banks and international banks. They carry profit rate ranging from 5.70% to 6.55% per annum with maturity up till 06 June 2024.

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10. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Bank, the Fund Manager, the Fund Board, other funds managed by the Fund Manager and employees of the same. In the ordinary course of its activities, the Fund transacts business with the related parties.

In addition to transactions disclosed elsewhere in these condensed interim financial statements, the Fund entered into the following transactions with related parties during the period. These transactions were carried out on the basis of approved terms and conditions of the Fund.

Related Party	Nature of relationship	Nature of transaction	For the period from 01 September 2022 to 30 June 2023
Al Rajhi Capital Company	The Fund Manager	Management fee	5,128,734

Balances arising from the above transactions with related parties are as follows:

Related Party	Nature of relationship	Nature of transaction	As at 30 June 2023
Al Rajhi Capital Company	The Fund Manager	Management fee payable	970,433

The units in issue at 30 June 2023 include 1,145,084 units held by the employees of the Fund Manager.

11. ACCRUED EXPENSES

	30 June 2023 (Unaudited)
Custody fee	74,847
Benchmark fee	24,964
Accrued professional fee	21,357
Other accrued expenses	33,033
	154,201

12. PURIFICATION CHARGES

The purification charges amounting to SR 3,850 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.

13. OTHER EXPENSES

	For the period from 01 September 2022 to 30 June 2023
Custody fee	140,162
Benchmark fee	24,964
Professional fee	21,358
Fund Board fee	8,802
Others	52,743
	248,029

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14. FAIR VALUE MEASUREMENT

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.

Valuation models

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund determined fair value of securities that are traded on stock exchange at their last reported prices. To the extent that securities are actively traded and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy. Therefore, the Fund's investment in listed securities have been categorized in level 1 of the fair value hierarchy.

The Fund determined fair value of investments in open-ended mutual funds measured at FVTPL using unadjusted net assets value. Moreover, the fair value of investments in un-listed sukuk measured at is determined based on the similar security external price. Therefore, the Fund classified them as level 2 of the fair value hierarchy.

Fair value hierarchy – Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position. All below fair value measurements are recurring.

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14. FAIR VALUE MEASUREMENT (CONTINUED)

	30 June 2023 (Unaudited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments at FVTPL	606,393,469	585,838,302	20,555,167	--	606,393,469
Investments at amortised cost	176,378,032	--	--	176,378,032	176,378,032
Total	<u>782,771,501</u>	<u>585,838,302</u>	<u>20,555,167</u>	<u>176,378,032</u>	<u>782,771,501</u>

During the period, there were no transfer between the fair value hierarchy.

Other financial instruments such as cash and cash equivalents, dividend receivable, accrued special commission income, management fee payable, payable to Unitholders on account of redemption and accrued expenses are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value, because of the short-term nature and high credit quality of counterparties. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3.

15. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Within 12 months	After 12 months	Total
As at 30 June 2023 (Unaudited)			
Assets			
Cash and cash equivalents	109,542,182	--	109,542,182
Investments at FVTPL	606,393,469	--	606,393,469
Investments at amortised cost	176,378,032	--	176,378,032
Accrued special commission income	506,312	--	506,312
Dividend receivable	83,769	--	83,769
Total assets	<u>892,903,764</u>	<u>--</u>	<u>892,903,764</u>
Liability			
Management fee payable	970,433	--	970,433
Payable to the Unitholders on account of redemptions	476,583	--	476,583
Accrued expenses	154,201	--	154,201
Total liability	<u>1,601,217</u>	<u>--</u>	<u>1,601,217</u>

16. LAST VALUATION DAY

The Capital Market Authority (CMA), through its circular dated 10 Rabi Al Thani 1439H (corresponding to 28 December 2017), has approved the Dual NAV approach for investment funds. In accordance with the circular, IFRS 9 will be applied for accounting and reporting purposes and dealing NAV will remain unaffected until further notice.

The last valuation day of the period was 30 June 2023 and in lieu of the above circular from CMA, the dealing net assets (equity) value on this day was SR 10.59 per unit. The IFRS net assets (equity) value per unit on 30 June 2023 was SR 10.59 per unit. Net assets (equity) per unit as per IFRS and dealing net assets (equity) value per unit remained the same due to immaterial ECL provisions under IFRS 9.

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17. DISTRIBUTION TO THE UNITHOLDERS

During the period ended 30 June 2023, the Fund distributed SR 35,284,902 as dividend to the Unitholders.

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the reporting date which require adjustments of or disclosure in the financial statements or notes thereto.

19. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Manager on 21 Muharram 1445H (corresponding to 08 August 2023).