

صندوق دارية المرن للأسهم السعودية
التقرير الأول النصف الأول 2020
هذا التقرير يضم معلومات مدير الصندوق والتقارير المالية

1	إسم وعنوان مدير الصندوق:	2	أداء صندوق الاستثمار خلال الفترة:
3	إسم وعنوان مدير الصندوق من الباطن أو مستشار الاستثمار:	4	بيان حول العمليات الخاصة التي تحصل عليها مدير الصندوق:
5	تفاصيل عن أي تغييرات حدثت على شروط و أحكام الصندوق ومذكرة المعلومات خلال الفترة :	6	الرسوم الإدارية للصندوق المستثمر فيه (في حال كان الصندوق يستثمر بشكل كبير في صناديق أخرى):
7	أي معلومات أخرى من شأنها تمكين حاملي الوحدات بالحكم على أداء الصندوق خلال الفترة:	8	بيانات ومعلومات أوجبت اللائحة ذكرها:
9	مراجعة لأشطة الصندوق الاستثمارية خلال الفترة:		
10	التقارير المالية:		

1 إسم وعنوان مدير الصندوق:
الإسم : شركة دارية المالية
شركة مساهمة مقفلة تعمل بموجب ترخيص من هيئة السوق المالية رقم : (08109-27). بتاريخ 2008/06/23م وسجل تجاري 1010266977.
العنوان: الرياض , شارع العليا العام, مركز العليا الدور الثاني.
ص.ب 286546 الرياض 11323, المملكة العربية السعودية
الموقع الإلكتروني: <http://www.derayah.com>
الرقم المجاني: 920024433 من خارج المملكة: 966112998000
فاكس: 966114192618

3 إسم وعنوان مدير الصندوق من الباطن أو مستشار الاستثمار:
لا ينطبق.

5 تفاصيل عن أي تغييرات حدثت على شروط و أحكام الصندوق ومذكرة المعلومات خلال الفترة :
لا توجد أي تغييرات طرأت على شروط و أحكام الصندوق ومذكرة المعلومات خلال الفترة

7 أي معلومات أخرى من شأنها تمكين حاملي الوحدات بالحكم على أداء الصندوق خلال الفترة:
لا يوجد

9 مراجعة لأشطة الصندوق الاستثمارية خلال الفترة:
مع بداية هادئة نسبياً ، انخفض المؤشر العام للأسهم السعودية خلال شهر مارس 2020 بحوالي 29٪. أعقب هذا الانخفاض الحاد انتعاش قوي بقيادة أسماء الشركات الكبيرة. كان السوق السعودي أسرع في التعافي مقارنة بالأسواق الإقليمية الأخرى مثل الإمارات العربية المتحدة والكويت. حقق مؤشر السوق عوائد سلبية بلغت 12.8٪ خلال النصف الأول من عام 2020 ، بينما حقق سوق دبي والكويت عائدات سلبية بلغت 28.6٪ و 20.3٪ على التوالي خلال نفس الفترة.

استجابت الحكومة السعودية في الوقت المناسب ل (جائحة كوفيد -19) من خلال فرض حظر على السفر في جميع أنحاء البلاد وخفض إنتاج النفط 2 مليون برميل في اليوم ثم زيادة ضريبة القيمة المضافة من 5٪ إلى 15٪ اعتباراً من يوليو. لقد استوعب السوق جميع الإجراءات واستجاب بشكل جيد للمبادرات التي اتخذتها الحكومة التي قد خلقت بعض الفرص في قطاعات مختلفة. لقد أظهر الوفاء أهمية قيام الشركات بإضافة منصة للتجارة الإلكترونية وقد نرى هذا الاتجاه يتزايد بشكل كبير بمرور الوقت خاصة بالنسبة لبعض الشركات التقديرية للمستهلكين مثل جرير وإكسترا.

ومع ذلك ، نتوقع أن يكون تقدير المستهلك هو الأكثر تأثيراً في المستقبل بالإعلان عن رفع ضريبة القيمة المضافة. وكانت القطاعات الراجعة خلال الفترة هي القطاعات الدفاعية مثل: السلع الاستهلاكية ، والرعاية الصحية. أظهرت شركات السلع الاستهلاكية نتائج قوية للنصف الأول من عام 2020 كما كان متوقعاً من قبل المستثمرين حيث كانت هذه هي المستفيد الرئيسي من الوضع.

كان قطاع الرعاية الصحية قطاعاً آخر شهد زخماً إيجابياً ، خاصةً الأسماء عالية الجودة مثل سليمان الحبيب والمواساة حيث استفادت هذه الشركات من زيادة عدد المرضى الداخليين من الإحالات الحكومية المتعلقة بـ (جائحة كوفيد -19). وكان أداء قطاع الأسمت أفضل من التقديرات حيث ارتفعت مبيعات قطاع الأسمت للنصف الأول من عام 2020 بنحو 21٪ على أساس سنوي.

قطاع البنوك كان من بين أقل القطاعات أداءً خلال النصف الأول من عام 2020 في ظل انخفاض مستوى سعر الفائدة ، مقروناً بالتدفق المتوقع للقروض المتعثرة. ومع ذلك ، كان نمو الرهن العقاري أبرز الإنجازات الإيجابية للقطاع حيث استمر في إظهار نمو قوي مع زيادة الإنشاء الجديد للرهن العقاري بأكثر من 100٪ خلال النصف الأول من عام 2020 على أساس سنوي.

الجدير بالذكر أن النصف الأول من عام 2020 شهد أيضاً المرحلة الخامسة من إدراج المملكة العربية السعودية في مؤشر فوتسي راسل للأسواق الناشئة تحت شريحتين ؛ كان الأول في مايو 2020 ، والثاني في يونيو 2020. وقد ساعد ذلك أيضاً في جذب المزيد من التدفقات إلى السوق والتي لعبت بدورها دوراً في الزخم الإيجابي الأخير.

10 التقارير المالية:
مرفق مع هذا التقرير الأول النصف سنوي القوائم المالية للصندوق كما في نهاية 2020\06\30
ويمكن أيضاً الإطلاع على القوائم المالية من خلال موقع دارية المالية على الرابط التالي : <http://www.derayah.com>

DERAYAH FREESTYLE SAUDI EQUITY FUND
(Managed by Derayah Financial Company)

CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
AND REPORT ON REVIEW

30 JUNE 2020

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

30 June 2020

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

**To the Unitholders of Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Derayah Freestyle Saudi Equity Fund (the "Fund") being managed by Derayah Financial Company (the "Fund Manager") as at 30 June 2020 and the related condensed interim statements of comprehensive income, cash flows and changes in net assets for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on Other Legal and Regulatory Requirements

The Fund Manager did not file an updated version of the Fund's terms and conditions to reflect the changes made in custody fees as per the requirements of the Investment Funds Regulations issued by the Capital Market Authority. This matter has no material impact on the condensed interim financial statements.

For Alluhaid & Alyahya Chartered Accountants



Saleh A. Al-Yahya
Certified Public Accountant
Registration No. 473

Riyadh: 26 Dhu al-Hijjah 1441 H
16 August 2020



Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

		30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
	<i>Note</i>		
ASSETS			
Cash and cash equivalents		2,413,649	473,726
Dividend receivable		2,154	-
Financial assets at fair value through profit or loss	5	10,925,072	11,884,864
Advances for investment	6	343,719	-
TOTAL ASSETS		13,684,594	12,358,590
LIABILITIES			
Management fee payable	7	16,851	15,609
Accrued expenses		63,583	122,996
TOTAL LIABILITIES		80,434	138,605
NET ASSETS ATTRIBUTABLE TO THE REDEEMABLE UNITHOLDERS		13,604,160	12,219,985
Units in issue		1,007,516	805,271
Per unit value		13.50	15.17

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

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six-month period ended 30 June 2020

		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
(LOSS) INCOME			
Net (loss) income from financial assets at fair value through profit or loss:			
Unrealized (loss) gain		(361,040)	533,739
Movement in realized (loss) gain		(1,014,327)	1,322,258
		<u>(1,375,367)</u>	<u>1,855,997</u>
Dividend income		213,505	300,306
Other (expenses) income, net		(6,004)	6,058
		<u>(1,167,866)</u>	<u>2,162,361</u>
TOTAL NET (LOSS) INCOME			
EXPENSES			
Management fee	7	(95,187)	(102,494)
Directors' fees	7	(19,891)	(19,836)
Custody fees		(4,588)	(6,186)
Other operating expenses		(39,104)	(39,927)
		<u>(158,770)</u>	<u>(168,443)</u>
TOTAL OPERATING EXPENSES			
NET (LOSS) INCOME FOR THE PERIOD		(1,326,636)	1,993,918
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		<u>(1,326,636)</u>	<u>1,993,918</u>

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

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2020

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income for the period	(1,326,636)	1,993,918
Adjustments for:		
Unrealized loss (gain) from financial assets at fair value through profit or loss	361,040	(533,739)
Dividend income	(213,505)	(300,306)
	(1,179,101)	1,159,873
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	598,752	1,893,631
Increase in advances for investment	(343,719)	-
Increase (decrease) in management fee payable	1,242	(1,269)
(Decrease) increase in accrued expenses	(59,413)	65,533
Cash (used in) from operations	(982,239)	3,117,768
Dividends received	211,351	300,306
Net cash (used in) from operating activities	(770,888)	3,418,074
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	3,386,125	2,102,676
Payments against redemption of units	(675,314)	(4,995,299)
Net cash from (used in) financing activities	2,710,811	(2,892,623)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,939,923	525,451
Cash and cash equivalents at the beginning of the period	473,726	661,376
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,413,649	1,186,827

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

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the six-month period ended 30 June 2020

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
NET ASSETS ATTRIBUTABLE TO THE REDEEMABLE UNITHOLDERS AT THE BEGINNING OF THE PERIOD (AUDITED)	12,219,985	11,778,919
Total comprehensive (loss) income for the period	(1,326,636)	1,993,918
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units during the period	3,386,125	2,102,676
Redemption of units during the period	(675,314)	(4,995,299)
Net change from unit transactions	2,710,811	(2,892,623)
NET ASSETS ATTRIBUTABLE TO THE REDEEMABLE UNITHOLDERS AT THE END OF THE PERIOD (UNAUDITED)	13,604,160	10,880,214

UNITS TRANSACTIONS

Transactions in units for the six-month periods ended 30 June are summarized as follows:

	<i>2020</i>	<i>2019</i>
	<i>Unit</i>	<i>Unit</i>
UNITS AT THE BEGINNING OF THE PERIOD	805,271	969,444
Units issued during the period	252,881	158,697
Units redeemed during the period	(50,636)	(359,171)
UNITS AT THE END OF THE PERIOD	1,007,516	768,970

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

Derayah Freestyle Saudi Equity Fund

(Managed by Derayah Financial Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

30 June 2020

1 GENERAL

Derayah Freestyle Saudi Equity Fund (the "Fund") is an open-ended fund. The Fund aims to develop capital over the long term by investing mainly in companies listed on the Saudi Stock Exchange ("Tadawul"), in the parallel market ("Nomu"), and tradeable rights and initial offerings in Saudi Arabia. The Fund can also invest in the financial markets of other countries (globally). All investments of the Fund shall be in accordance with Sharia standards approved by the Sharia Committee of the Fund. The Fund Manager will also invest in real estate traded funds and Exchange-Traded Funds ("ETFs"). The Fund will not distribute dividends to its unitholders, however all profits will be reinvested by the Fund.

The Fund is managed by Derayah Financial Company (the "Fund Manager"), a closed joint stock company licensed by the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") under license number 27-08109. Alinma Investment (the "Custodian") is appointed as the custodian of the Fund.

The registered office of the Fund Manager is P.O. Box 286546, Riyadh 11323, Kingdom of Saudi Arabia.

The Fund commenced its operations on 29 March 2016.

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

These condensed interim financial statements were authorized for issue by the Board of Directors on 26 Dhu al-Hijjah 1441 H (corresponding to 16 August 2020).

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA on 3 Dhu al-Hijjah 1427H (corresponding to 24 December 2006), subsequently amended by the issuance of a new Investment Funds Regulation dated 16 Sha'aban 1437H (corresponding to 23 May 2016) by the CMA detailing requirements for all investment funds within the Kingdom of Saudi Arabia.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") as endorsed in the Kingdom of Saudi Arabia

These condensed interim 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 for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), collectively hereafter referred to as ("IFRS").

The preparation of these condensed interim financial statements requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements, are disclosed in Note 4.

a) *Standards and amendments to existing standards effective 1 January 2020*

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the condensed interim financial statements of the Fund.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(continued)
30 June 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 BASIS OF PREPARATION (continued)

- b) *New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted*

The following standards, amendments to standards and interpretations are not yet effective and neither are they expected to have a significant impact on the Fund's condensed interim financial statements:

<u>Standards / amendments to standards / interpretations</u>	<u>Effective date</u>
<i>Reference to the Conceptual Framework (Amendments to IFRS 3)</i>	1 January 2022
<i>Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)</i>	1 January 2022
<i>Annual Improvements to IFRS Standards 2018–2020</i>	1 January 2022
<i>Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)</i>	1 January 2022
<i>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</i>	1 January 2023
<i>IFRS 17 Insurance Contracts</i>	1 January 2023

In the opinion of the Board, these standards, amendments to standards and interpretations will clearly not impact the Fund as the Fund has no application to the above-mentioned standards.

3.2 ACCOUNTING CONVENTION

The condensed interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

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 liquidity.

3.3 FOREIGN CURRENCY TRANSLATION

- a) *Functional and presentation currency*

These condensed interim financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Fund's functional and presentation currency. All financial information presented has been rounded to the nearest SR.

- b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the condensed interim statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the condensed interim statement of comprehensive income.

3.4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

- a) *Classification*

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

As such, the Fund classifies its investment portfolio as financial assets at fair value through profit or loss.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(continued)
30 June 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

a) Classification (continued)

The Fund's policy requires the Fund Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the condensed interim statement of comprehensive income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the condensed interim statement of comprehensive income within net gains or losses on financial assets at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the condensed interim statement of comprehensive income within dividend income when the Fund's right to receive payments is established.

c) 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 of financial assets traded in active markets (such as publicly traded securities) are based on quoted market prices at the close of trading on the reporting date. The Fund utilizes the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

3.5 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the condensed interim statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.6 CASH AND CASH EQUIVALENTS

For the purpose of the condensed interim statement of cash flows, cash and cash equivalents consist of cash at bank.

3.7 ACCRUED EXPENSES

Accrued expenses are recognised initially at fair value and subsequently stated at amortized cost using the effective interest method.

3.8 REDEEMABLE UNITS

Units subscribed and redeemed are recorded at the net asset value per unit on the valuation day for which the subscription request and redemption applications are received.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(continued)
30 June 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 NET ASSETS VALUE

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

3.10 MANAGEMENT FEES, CUSTODY FEES AND OTHER EXPENSES

Management fees, custody fees and other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the Fund.

3.11 DIVIDEND INCOME

Dividend income is recognized when the right to receive the dividend is established.

3.12 ZAKAT AND INCOME TAX

Zakat and income tax are the obligation of the unitholders and are not provided for in these condensed interim financial statements.

3.13 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker.

The Fund Manager is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. Asset allocation decisions are based on a single, integrated investment strategy, and the Fund's performance is evaluated on an overall basis.

Geographical and sectorial concentration of investment portfolio of the Fund is disclosed in Note 5.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Fair value measurement

The Fund measures its investments in equity instruments at fair value at each reporting date. 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. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted prices available on respective stock exchange, without any deduction for transaction costs. The Fund is using last traded prices which is recognised as standard pricing convention within the industry.

For all other financial instruments not traded in an active market, if any, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Fair value measurement (continued)

The Fund measures financial instruments at fair value at each statement of financial position date. Fair values of those financial instruments are disclosed in Note 8.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The geographical exposure of financial assets at fair value through profit or loss on the last valuation day is summarized below:

30 June 2020 (Unaudited)		
	Market Value	% of Market
<i>Equity investments (by country)</i>	SR	Value
Kingdom of Saudi Arabia	7,021,021	64
Egypt	2,134,113	20
Kuwait	1,526,809	14
United Arab Emirates	243,129	2
	10,925,072	100
31 December 2019 (Audited)		
	Market Value	% of Market
<i>Equity investments (by country)</i>	SR	Value
Kingdom of Saudi Arabia	8,521,055	72
Kuwait	1,655,822	14
Egypt	1,122,760	9
United Arab Emirates	585,227	5
	11,884,864	100

The sectorial exposure of financial assets at fair value through profit or loss on the last valuation day is summarized below:

30 June 2020 (Unaudited)		
	Market Value	% of Market
<i>Equity investments (by sector)</i>	SR	Value
Materials	2,507,655	23
Real Estate Management and Development	1,648,583	15
Banks	1,621,196	15
Insurance	640,254	6
Capital Goods	625,331	6
Food and Beverages	557,017	5
Health Care Equipment and Services	530,384	5
Consumer Durables and Apparel	506,167	5
Education Management	424,463	4
Consumer Services	384,848	3
Energy	372,062	3
Commercial and Professional Services	321,747	3
Transportation	283,982	3
Airlines	266,368	2
Retailing	235,015	2
	10,925,072	100

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5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

<i>Equity investments (by sector)</i>	<i>31 December 2019 (Audited)</i>	
	<i>Market Value</i> SR	<i>% of Market</i> <i>Value</i>
Materials	2,197,358	18
Banks	1,492,549	13
Energy	1,365,260	11
Retailing	906,613	8
Commercial and Professional Services	846,363	7
Consumer Services	833,669	7
Real Estate Management and Development	773,885	7
Insurance	745,985	6
Telecommunication Services	638,106	5
Capital Goods	609,932	5
Health Care Equipment and Services	371,800	3
Consumer Durables and Apparel	310,273	3
Food and Beverages	290,154	3
Pharmaceuticals	253,611	2
Software and Services	249,306	2
	<u>11,884,864</u>	<u>100</u>

6 ADVANCES FOR INVESTMENT

Advances for investment represents amount paid for the shares subscribed by the Fund in connection with the rights issue offered by Saudi Fisheries Company. The shares were subsequently allotted to the Fund on 2 July 2020.

7 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Fund Manager and entities / persons related to Fund Manager are considered as related parties of the Fund. In the ordinary course of its activities, the Fund transacts business with its related parties. Related party transactions are governed by limits set by the regulations issued by the CMA. All the related party transactions are approved by the Board of Directors.

a) Management fee

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager charges management fee at the rate of 1.5% that are calculated on a daily basis based on the net value of the Fund's assets. Total management fee for the six-month period ended 30 June 2020 amounted to SR 95,187 (30 June 2019: SR 102,494) with SR 16,851 (31 December 2019: SR 15,609) due to the Fund Manager at the end of the period.

In addition, the Fund Manager charges subscription fee for one time at the rate of 3% of the subscription value from the Fund's unitholders, however such fee is not considered in the condensed interim financial statement of the Fund, as investment to the Fund are always net of subscription fees.

As at 30 June 2020, the Fund Manager held no units (31 December 2019: no units) of the Fund.

As at 30 June 2020 and 31 December 2019, close family members of board members of the Fund Manager held 27,817 units of the Fund.

b) Board of Directors and Sharia Committee remuneration

The total remuneration paid to the directors for the six-month period ended 30 June 2020 was SR 19,891 (30 June 2019: SR 19,836) and consisted of only fixed directors' fees. Furthermore, for the six-month period ended 30 June 2020 an oversight fee was paid to the members of Sharia Committee with the amount of SR 13,706 (30 June 2019: SR 13,667).

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8 FINANCIAL RISK MANAGEMENT

8.1 FINANCIAL RISK FACTORS

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value commission rate risk and price risk), liquidity risk and credit risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the Custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the Custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

The Fund Manager has in place policies and procedures to identify risks affecting the Fund's investments and to ensure that such risks are addressed as soon as possible, which include conducting a risk assessment at least once a year. The Fund Manager also applies a prudent spread of risk while taking into consideration the Fund's investment policies and the terms and conditions. Furthermore, the Fund Manager makes every effort to ensure that sufficient liquidity is available to meet any anticipated redemption request. The Board of the Fund plays a role in ensuring that the Fund Manager fulfils its responsibilities to the benefit of the unitholders in accordance with the provisions of the Investment Funds Regulations and the terms and conditions.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

8.1.1 Market risk

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Fund's financial assets, other than financial assets at fair value through profit or loss, and financial liabilities are denominated in Saudi Riyal and therefore the Fund is not exposed to any currency risks on these financial instruments. The Fund's investment portfolio is composed of investments in foreign equity and therefore is exposed to currency risk on those investments. Currency risk is managed through continuous monitoring of exposures.

Sensitivity analysis

The effect on the condensed interim statement of comprehensive income (as a result of change in the exchange rates with respect to foreign currency exposure) due to 1% change in the foreign exchange rates, with all other variables held constant is SR 39,041 (2019: 27,281).

b) Cash flow and fair value commission rate risk

Commission rate risk arises from the effects of fluctuations in the prevailing levels of markets commission rates on the fair value of financial assets and liabilities and future cash flow. The Fund is not subject to commission rate risk, as it does not have any commission-bearing financial instruments.

c) 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 the financial instruments that the Fund holds. The Fund Manager closely monitors the price movement of its financial instruments listed at stock exchange markets. The Fund manages the risk through diversification of its investment portfolio by investing in various industry sectors.

Geographical and sectorial concentration of investment portfolio of the Fund is disclosed in Note 5.

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8 FINANCIAL RISK MANAGEMENT (continued)

8.1 FINANCIAL RISK FACTORS (continued)

8.1.1 Market risk (continued)

Sensitivity analysis

The table below set outs the effect on profit or loss of a reasonably possible weakening/strengthening in the individual equity market prices of 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular commission and foreign currency rates, remain constant.

		30 June 2020		31 December 2019
		SR		SR
Net gain (loss) on financial assets at fair value	+5%	546,254	+5%	594,243
through profit or loss	-5%	(546,254)	-5%	(594,243)

8.1.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in realizing funds to meet commitments associated with financial liabilities.

The Fund's terms and conditions provide for subscriptions and redemptions of units throughout the week and the Fund is therefore, exposed to the liquidity risk of not meeting unitholder redemptions. The Fund's securities are considered to be readily realizable and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to ensure sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by obtaining financing from the related parties of the Fund.

8.1.3 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 does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties. The Fund Manager seeks to limit its credit risk by monitoring credit exposure and by dealing with reputed counterparties.

The Fund is exposed to credit risk on its cash and cash equivalents which is held with Al Inma Investment, the custodian of the Fund.

8.2 CAPITAL RISK MANAGEMENT

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net asset attributable to holders of redeemable units can change significantly on each valuation day, as the Fund is subject to subscriptions and redemptions at the discretion of unitholders on every valuation day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain the capital structure, the Fund's policy is not to distribute dividends to the redeemable unitholders, as the Fund is considered a capital growth fund where all profits are reinvested in the Fund. The reinvestment of these distributions and income is reflected in the unit price.

The Board of Directors and the Fund Manager monitor capital on the basis of the value of net assets attributable to redeemable unitholders.

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8 FINANCIAL RISK MANAGEMENT (continued)

8.3 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. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Fund uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The estimated fair value of the Fund's financial assets and liabilities is not considered to be significantly different from their carrying values. The value of financial assets at fair value through profit or loss are based on quoted market prices in active markets and are therefore classified within Level 1 of the fair value hierarchy as at 30 June 2020 and 31 December 2019.

9 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets consist of cash and cash equivalents, dividend receivable, financial assets at fair value through profit or loss and advances for investment. Financial liabilities consist of management fee payable and accrued expenses. All financial assets and financial liabilities as at 30 June 2020 and 31 December 2019, were classified under amortised cost category except for financial assets at fair value through profit or loss which are classified as and measured at fair value.

10 IMPACT OF COVID-19

During the period, the Coronavirus disease ("COVID-19") outbreak was declared a global pandemic by the World Health Organization. This outbreak has interfered with general activity levels within the community, the economy and businesses. This may result in a reduction in profitability of the Fund. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.