

ALINMA MULTI ASSETS BALANCED FUND
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020 AND
INDEPENDENT AUDITOR'S REVIEW REPORT

ALINMA MULTI ASSETS BALANCED FUND
Managed by Alinma Investment Company

INTERIM CONDENSED FINANCIAL STATEMENTS
Table of contents

| | Page |
|--|-------------|
| Independent auditor's review report | 2 |
| Interim condensed statement of financial position | 3 |
| Interim condensed statement of comprehensive income | 4 |
| Interim condensed statement of changes in net assets attributable to unitholders | 5 |
| Interim condensed statement of cash flows | 6 |
| Notes to the interim condensed financial statements | 7 – 12 |

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Unitholders of
Alinma Multi Assets Balanced Fund
Managed by Alinma Investment Company
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed financial statements of **Alinma Multi Assets Balanced Fund** (the "Fund") managed by Alinma Investment Company that include interim condensed statement of financial position as at 30 June 2020 and the related interim condensed statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for six months then ended a summary of selected significant accounting policies and other explanatory notes from 1 to 15.

Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 ("IAS 34") - "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

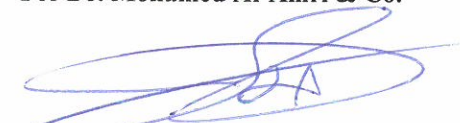
Scope of Review

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 condensed 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 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 Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on: 6 Muharram 1442 (H)
Corresponding to: 25 August 2020 (G)

ALINMA MULTI ASSETS BALANCED FUND
Managed by Alinma Investment Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

(All amounts are in Saudi Riyals unless otherwise stated)

| | Note | 30 June 2020 (Unaudited) | 31 December 2019 (Audited) |
|---|-------------|---|---|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | 7 | 363,593 | 216,608 |
| Investments at fair value through profit or loss | 8 | 1,516,364 | 2,119,244 |
| Investments at amortized cost | 9 | 816,741 | 865,006 |
| TOTAL ASSETS | | <u>2,696,698</u> | <u>3,200,858</u> |
| <u>LIABILITIES</u> | | | |
| Redemption payable | | 9,235 | 4,781 |
| Accrued and other liabilities | 10 | 211,559 | 206,222 |
| TOTAL LIABILITIES | | <u>220,794</u> | <u>211,003</u> |
| Net assets value attributable to unitholders | | <u>2,475,904</u> | <u>2,989,855</u> |
| Units in issue (Numbers) | | <u>202,362</u> | <u>234,883</u> |
| Net assets value - per unit | 12 | <u>12.24</u> | <u>12.73</u> |

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

| | Note | 30 June 2020 | 30 June 2019 |
|---|------|-------------------------|-----------------------|
| <u>INCOME</u> | | | |
| Income from investments at amortized cost | | 13,497 | 39,990 |
| Net changes in investments at fair value through profit or loss | 8.3 | (121,748) | 256,115 |
| Dividend income | | 24,254 | 72,563 |
| | | <u>(83,997)</u> | <u>368,668</u> |
| <u>EXPENSES</u> | | | |
| Management fees | 11 | (20,370) | (56,435) |
| Brokerage expenses | 11 | (1,469) | (5,074) |
| Others expenses | | (32,647) | (33,374) |
| | | <u>(54,486)</u> | <u>(94,883)</u> |
| (Loss) / profit for the period | | (138,483) | 273,785 |
| Other comprehensive income | | - | - |
| Total comprehensive (loss) / income for the period | | <u>(138,483)</u> | <u>273,785</u> |

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

**INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO
UNITHOLDERS (UNAUDITED)****FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

| | <u>2020</u> | <u>2019</u> |
|--|------------------|-------------|
| Net assets at 1 January | 2,989,855 | 8,504,880 |
| Total comprehensive (loss) / income for the period | (138,483) | 273,785 |
| Changes from unit transactions | | |
| Units issued | 149,000 | 883,550 |
| Units redeemed | (524,468) | (3,533,237) |
| Net change from unit transactions | (375,468) | (2,649,687) |
| Net assets at 30 June | 2,475,904 | 6,128,978 |

UNITS TRANSACTIONS

Transactions in units for the period ended 30 June are summarized as follows:

| | <u>2020</u> | <u>2019</u> |
|----------------------------|-----------------|-------------|
| | <u>Units</u> | |
| Units at 1 January | 234,883 | 682,042 |
| Add; Units issued | 12,179 | 68,183 |
| Less: Units redeemed | (44,700) | (271,532) |
| Net change in units | (32,521) | (203,349) |
| Units at 30 June | 202,362 | 478,693 |

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

| | Note | 30 June 2020 | 30 June 2019 |
|--|-------------|-------------------------|-------------------------|
| <u>Cash flows from operating activities</u> | | | |
| (Loss) / profit for the period | | (138,483) | 273,785 |
| <i>Adjustment for:</i> | | | |
| Unrealized loss / (gain) on investments at fair value through profit or loss | 8.3 | 130,922 | (26,506) |
| Dividend income | | (24,254) | (72,563) |
| Income from investments at amortized cost | | (13,497) | (39,990) |
| | | (45,312) | 134,726 |
| Changes in operating assets and liabilities | | | |
| Investments at fair value through profit or loss | | 471,958 | 1,662,333 |
| Investments at amortized cost | | 47,700 | 53,542 |
| Accrued and other liabilities | | 5,337 | 26,906 |
| Net cash from operations | | 479,683 | 1,877,507 |
| Dividend received | | 24,254 | 70,980 |
| Income received from investments at amortized cost | | 14,062 | 38,684 |
| Net cash generated from operating activities | | 517,999 | 1,987,171 |
| <u>Cash flows from financing activities</u> | | | |
| Proceeds from units issued | | 149,000 | 883,550 |
| Payments for redemption of units | | (520,014) | (3,439,448) |
| Net cash used in financing activities | | (371,014) | (2,555,898) |
| Net change in cash and cash equivalents | | 146,985 | (568,727) |
| Cash and cash equivalents at 1 January | | 216,608 | 1,946,870 |
| Cash and cash equivalents at 30 June | 7 | 363,593 | 1,378,143 |

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR SIX MONTHS ENDED 30 JUNE 2020

(All amounts are in Saudi Riyals unless otherwise stated)

1. GENERAL

Alinma Multi Assets Balanced Fund, (the “Fund”), is an open ended fund created under an agreement between Alinma Investment Company (the “Fund Manager”), a subsidiary of Alinma Bank (the “Bank”) and investors (the “Unitholders”) in the Fund, in accordance with Shariah rules issued by the Shariah board of the Fund Manager.

The Fund seeks to achieve capital growth in the long term with emphasis on capital preservation, and exposure to equity markets. The Fund may invest in a range of Shariah compliant investments such as local equities, Murabaha placements, Sukuk, structured products and investment funds in order to achieve its objectives. All income is reinvested in the Fund and is reflected in the unit price.

Capital Market Authority (“CMA”) granted approval for the establishment of the Fund in its letter number (2012-6241-5) dated 21 Muharram 1434 H (corresponding to 5 December 2012 G). The Fund commenced its operations on 25 Jumada al-Awwal 1434 H (corresponding to 6 April 2013 G).

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, the Unitholders are considered to be the beneficial owners of the assets of the Fund.

A novel strain of coronavirus (Covid-19) was first identified at the end of December 2019 and subsequently declared as a pandemic in March 2020 by the World Health Organization (WHO). Covid-19 continues to spread all regions around the world, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities and hence a slowdown of economic activities and shutdown of many sectors at global and local levels.

Fund’s performance is indirectly affected due to the effect of Covid-19 on economic activities and sectors performances. This is reflected in the values of different assets of the Fund. However, the Fund does not foresee a going concern issue due to the above for at least 12 months after the reporting period.

2. REGULATORY FRAMEWORK

The Fund is governed by the Investment Funds Regulations (the “Regulations”) published by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006G) as amended by resolution of the CMA board on 16 Sha’aban 1437H (corresponding to 23 May 2016G).

3. BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard IAS-34 “Interim Financial Reporting” endorsed in the Kingdom of Saudi Arabia.

The Fund has also complied with Investment Funds Regulations published by CMA and Fund’s terms and conditions, information memorandum and key information summary (collectively hereinafter referred to as “Terms and Conditions”) with respect to preparation and presentation of these interim condensed financial statements.

The disclosures made in these interim condensed financial statements have been limited in accordance with the requirements of IAS 34. These 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 annual audited financial statements of the Fund for the year ended 31 December 2019 (“last annual financial statements”).

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR SIX MONTHS ENDED 30 JUNE 2020

(All amounts are in Saudi Riyals unless otherwise stated)

3.2 Basis of measurement

The Fund does not have a clearly identifiable operating cycle, and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of liquidity.

These interim condensed financial statements have been prepared under the historical cost convention, except for the investments that are measured at fair value through profit or loss.

Furthermore, these interim condensed financial statements are prepared, using the accrual basis of accounting and are based on the going concern basis.

3.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Fund.

3.5 Use of estimates and judgments

In preparing these interim condensed financial statements, management has made the judgement, estimates, and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgments, estimates, and underlying assumptions are reviewed on an ongoing basis and were the same as those described in the last annual financial statements.

However, as explained in note 1 above, the Fund has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of Covid-19 pandemic. Management believes that all sources of estimation uncertainty remain similar to those disclosed in the last annual financial statements. The Fund will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards issued; however, there are number of amendments to standards that are effective from 1 January 2020 and have been explained in the last annual financial statements, but they do not have a material effect on the interim condensed financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the last annual financial statements.

6. MANAGEMENT FEE, CUSTODY FEE AND OTHER EXPENSES

The Fund's expenses include management, custody fee and other expenses. These expenses are recognised on accrual basis and are based on predetermined rates specified in the Terms and Conditions of the Fund. Detailed policies are as follows:

Management fee

The Fund Manager charges the Fund, on every valuation day, a management fee at an annual rate of 1.5% (31 December 2019: 1.5%) of the Fund's net assets value. These charges are calculated and accrued on each valuation day.

Custody fee

The Fund Manager charges and accrues a custody fee at an annual rate of 0.025% (2019: 0.03%) of the net assets value at the end of each valuation day.

Other fees

The Fund Manager recovers from the Fund any other expense incurred on behalf of the Fund as per Terms and Conditions of the Fund.

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

7. CASH AND CASH EQUIVALENTS

| | 30 June 2020 (Unaudited) | 31 December 2019 (Audited) |
|-------------------------------|---|----------------------------------|
| Cash at bank- current account | 219,104 | 8,037 |
| Cash in investment account | 144,489 | 208,571 |
| | 363,593 | 216,608 |

The cash and cash equivalents are held in the name of Fund Manager on behalf of the Fund without any restriction.

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June 2020 (Unaudited) | 31 December 2019 (Audited) |
|--|---|----------------------------------|
| Investments in listed equity securities (Note 8.1) | 1,076,980 | 1,520,942 |
| Investment in public funds (Note 8.2) | 439,384 | 598,302 |
| | 1,516,364 | 2,119,244 |

Investments in listed equity securities is valued at published market price on Tadawul. The geographical dispersion of above investments is within the Kingdom of Saudi Arabia.

- 8.1** The classification of investments at fair value through profit or loss into industry groups specified by Tadawul is summarized as follows:

| | | 30 June 2020 (Unaudited) | | 31 December 2019 (Audited) |
|--|------------|---|----------|----------------------------------|
| Industry group | % | SR | % | SR |
| Materials | 20 | 213,111 | 21 | 316,450 |
| Banks | 19 | 207,392 | 30 | 465,300 |
| Energy | 16 | 175,778 | 10 | 147,169 |
| Telecommunication | 10 | 105,732 | 12 | 175,242 |
| Retailing | 8 | 87,434 | 10 | 161,690 |
| Health care equipment & services | 7 | 79,062 | - | - |
| Food & beverages | 7 | 77,567 | 6 | 89,526 |
| Insurance | 5 | 55,742 | 3 | 50,699 |
| Commercial & professional services | 4 | 37,674 | - | - |
| Utilities | 4 | 37,488 | - | - |
| Capital goods | - | - | 2 | 25,294 |
| Real estate management and development | - | - | 3 | 44,910 |
| Food & staples retailing | - | - | 3 | 44,662 |
| | 100 | 1,076,980 | 100 | 1,520,942 |

- 8.2** This represents investment in units of Alinma Liquidity Fund (open ended fund) managed by Alinma Investment Company. The primary activity of this fund is to invest in Shari'ah compliant Murabaha contracts. Investments in this fund is subject to management fee in line with agreed terms and conditions with investee.

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

8.3 NET CHANGES IN INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June 2020 | 30 June 2019 |
|-------------------------------------|-------------------------|-----------------|
| Realized fair value gain | 9,174 | 229,609 |
| Unrealized fair value (loss) / gain | (130,922) | 26,506 |
| | (121,748) | 256,115 |

9. INVESTMENTS AT AMORTIZED COST

| | 30 June 2020 (Unaudited) | 31 December 2019 (Audited) |
|-------------------------|---|----------------------------------|
| Sukuk (Note 9.1) | 816,000 | 863,700 |
| Accrued income on Sukuk | 741 | 1,306 |
| | 816,741 | 865,006 |

9.1 This represents investment in Sukuk issued in the Kingdom of Saudi Arabia by Sadara Basic Services Company. The maturity date of its principal amount is 15 December 2028.

10. ACCRUED AND OTHER LIABILITIES

| | 30 June 2020 (Unaudited) | 31 December 2019 (Audited) |
|----------------------------------|---|----------------------------------|
| Accrued management fee (Note 11) | 4,056 | 4,541 |
| Accrued custody fees | 68 | 91 |
| Other liabilities | 207,435 | 201,590 |
| | 211,559 | 206,222 |

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the ordinary course of its activities, the Fund transacts with related parties. Related party transactions are in accordance with the Terms and Conditions of the Fund. All related party transactions are approved by the Fund Board. Related parties comprise the Fund Board, Fund Manager, Alinma Bank (the "Parent Company of the Fund Manager") and entities related to the Bank and the Fund Manager.

The Unitholders' account included units held by related parties as follows:

| | Units (number) | Net assets value SR | % of total Units |
|---------------------------------|---------------------------|--------------------------------|-----------------------------|
| Units owned by the Fund Manager | | | |
| 30 June 2020 (Unaudited) | 50,758 | 621,025 | 25 % |
| 31 December 2019 (Audited) | 80,758 | 1,027,979 | 34% |

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**Transactions:**

Significant transactions with related parties in the ordinary course of Fund's business included in the financial statements are summarized below:

| Related party | Relationship | Transactions | For the period ended | |
|---------------------------|--------------------------------|----------------------|---|---|
| | | | 30 June 2020 (Unaudited) | 30 June 2019 (Unaudited) |
| Alinma Investment Company | Fund Manager | Management fee | 20,370 | 56,435 |
| | | Brokerage expense | 1,469 | 5,074 |
| Fund Board | Members of Fund Board | Fund board fee | 12,000 | 22,500 |
| Alinma Bank | Parent Company of Fund Manager | Investment purchased | - | 30,546 |
| | | Investment sold | 118,592 | 239,381 |
| | | Dividend income | - | 15,308 |

Balances:

Balances with the related parties included in the interim condensed statement of financial position are as follows:

| Related party | Relationship | Balances | 30 June 2020 (Unaudited) | 31 December 2019 (Audited) |
|---------------------------|--------------------------------|----------------------------|---|---|
| | | | | |
| Alinma Bank | Parent Company of Fund Manager | Cash at bank | 219,104 | 8,037 |
| Alinma Investment Company | | Cash in investment account | 144,489 | 208,571 |
| | Fund Manager | Accrued management fee | 4,056 | 4,541 |

12. UNIT VALUE RECONCILIATION

In accordance with CMA circular no. 1/6/1872/17 dated 13 Rabi Al-Thani 1439H (corresponding to December 31, 2017), the CMA Board decided on 10 Rabi Al-Thani 1439H (corresponding to 28 December 2017) to restrict the recording of expected credit losses (ECL) calculated in accordance with IFRS 9 only for the purpose of financial reporting.

All financial assets held at amortized cost were considered for ECL as on 30 June 2020 and 31 December 2019. However, the impact of ECL on these assets was immaterial. Accordingly, these interim condensed financial statements do not contain any ECL adjustment and therefore reconciliation of the unit price calculated according to the applicable financial reporting framework to the unit price calculated for the purpose of unit transactions is not required.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchies. This grouping is determined based on the lowest level of significant inputs used in the fair value measurement, as follows:

ALINMA MULTI ASSETS BALANCED FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity instruments. The Fund does not adjust the quoted price for these instruments.

There were no transfers between the levels during the period.

The following table analyses, within the fair value hierarchy, the Fund's assets and liabilities (by class) measured at fair value at 30 June 2020 and 31 December 2019.

| | Level 1 | Level 2 | Level 3 |
|--|------------------|----------------|----------------|
| Financial assets at fair value through profit or loss | | | |
| 30 June 2020 (Unaudited) | 1,076,980 | 439,384 | - |
| 31 December 2019 (Audited) | 1,520,942 | 598,302 | - |

Classification of financial instruments

| | 30 June 2020 (Unaudited) | 31 December 2019 (Audited) |
|--|---|---|
| Financial assets at amortized cost | | |
| Cash and cash equivalents | 363,593 | 216,608 |
| Investments at amortized cost | 816,741 | 865,006 |
| Financial assets at fair value through profit or loss | | |
| Investments in listed equity securities | 1,076,980 | 1,520,942 |
| Investments in public funds | 439,384 | 598,302 |

14. LAST VALUATION DAY

The last valuation day for the purpose of the preparation of these interim condensed financial statements is 30 June 2020 (2019: 31 December 2019).

15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Manager on 6 Muharram 1442H (corresponding to 25 August 2020G).