

AL RAJH MULTI ASSET CONSERVATIVE FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021
together with the
Independent Auditor's Report to the Unitholders

AL RAJHI MULTI ASSET CONSERVATIVE FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021

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

To the Unitholders of Al Rajhi Multi Asset Conservative Fund

Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **Al Rajhi Multi Asset Conservative Fund** (the "Fund"), managed by Al Rajhi Capital Company (the "Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2021;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2021;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2021;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2021; 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, the Fund's Terms and Conditions and the Information Memorandum. 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 interim financial information 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 2021 condensed interim financial statements of **Al Rajhi Multi Asset Conservative 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.



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

To the Unitholders of Al Rajhi Multi Asset Conservative Fund (continued)

Other matter

The condensed interim financial statements of **Al Rajhi Multi Asset Conservative Fund** ("the Fund") for the six-month period ended 30 June 2020 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 23 August 2020 and the financial statements of the Fund for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 4 April 2021.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No. 371



Date: 9 Muharram 1443H
Corresponding to: 17 August 2021

AL RAJHI MULTI ASSET CONSERVATIVE FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Statement of Financial Position (Unaudited)
As at 30 June 2021

	<i>Notes</i>	30 June 2021 (Unaudited) SR	31 December 2020 (Audited) SR
<u>ASSETS</u>			
Cash and cash equivalents	7	37,225	42,867
Investments at fair value through profit or loss (“FVTPL”)	8	70,627,663	44,840,259
Dividend receivable		8,180	15,355
Total Assets		70,673,068	44,898,481
<u>LIABILITIES</u>			
Accrued expenses	10	29,994	30,502
Total Liabilities		29,994	30,502
Net assets (equity) attributable to the Unitholders		70,643,074	44,867,979
Units in issue (numbers)		144,366	95,176
Net assets (equity) attributable to each unit (SR)		489.33	471.42

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements.

AL RAJHI MULTI ASSET CONSERVATIVE FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the six-month period ended 30 June 2021

	For the six-month period ended 30 June	
<i>Notes</i>	2021	2020
	SR	SR
INCOME		
Net unrealized gain / (loss) on investments at FVTPL	1,774,765	(361,856)
Net realized gain on investments at FVTPL	73,774	156,872
Dividend income	92,455	73,598
Other income	308	-
	1,941,302	(131,386)
EXPENSES		
Professional fees	(19,960)	(15,671)
Custody fee	(5,773)	(3,965)
Other expenses	(7,210)	(3,483)
	(32,943)	(23,119)
Net income / (loss) for the period	1,908,359	(154,505)
Other comprehensive income for the period	-	-
	1,908,359	(154,505)
Total comprehensive income / (loss) for the period	1,908,359	(154,505)

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements.

AL RAJHI MULTI ASSET CONSERVATIVE FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Statement of Changes in Net Assets (Equity)
Attributable to the Unitholders (Unaudited)
For the six-month period ended 30 June 2021

	For the six-month period ended 30 June	
	<u>2021</u> SR	<u>2020</u> SR
Net assets (equity) attributable to the Unitholders at beginning of the period	44,867,979	40,424,072
Net income / (loss) for the period	1,908,359	(154,505)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	1,908,359	(154,505)
Contributions and redemptions by the Unitholders		
Proceeds from issuance of units during the period	27,116,397	2,462,084
Payments on redemption of units during the period	(3,249,661)	(5,150,602)
Net contributions by the Unitholders	23,866,736	2,688,518
Net assets (equity) attributable to the Unitholders at end of the period	70,643,074	37,581,049

	For the six-month period ended 30 June	
	<u>2021</u> <u>Units</u>	<u>2020</u> <u>Units</u>
Unit transactions (numbers)		
Units in issuance at beginning of the period	95,176	89,038
Issuance of units during the period	55,855	5,463
Redemption of units during the period	(6,665)	(11,687)
Net increase / (decrease) in units	49,190	(6,224)
Units in issuance at end of the period	144,366	82,814

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements.

AL RAJHI MULTI ASSET CONSERVATIVE FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Condensed Interim Statement of Cash Flows (Unaudited)
For the six-month period ended 30 June 2021

	For the six-month period ended 30 June	
	<u>2021</u> <i>SR</i>	<u>2020</u> <i>SR</i>
Cash flows from operating activities		
Net income / (loss) for the period	1,908,359	(154,505)
<i>Adjustments for:</i>		
Net (gain) / loss on investments at FVTPL	(1,848,539)	204,984
Net changes in operating assets and liabilities		
(Increase) / decrease in investments at FVTPL	(23,938,865)	2,520,503
Decrease in dividend receivable	7,175	-
(Decrease) in accrued expenses	(508)	(26,198)
	(23,872,378)	2,544,784
Net cash flows (used in) / generated from operating activities		
Cash flows from financing activities		
Proceeds from issuance of units	27,116,397	2,462,084
Payments on redemption of units	(3,249,661)	(5,150,602)
	23,866,736	(2,688,518)
Net cash flows generated from / (used in) financing activities		
Net (decrease) in cash and cash equivalents	(5,642)	(143,734)
Cash and cash equivalents at the beginning of the period	42,867	189,396
Cash and cash equivalents at the end of the period	37,225	45,662

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements.

AL RAJHI MULTI ASSET CONSERVATIVE FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund. Based on the agreement between the Fund and the Fund Manager, the Fund is not required to pay any fees for the management of the Fund. However, the Fund Manager charges a subscription fee of up to 2% maximum on all new subscriptions that is paid directly to the Fund Manager by the subscribers.

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

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

Furthermore, the Capital Market Authority, on 1 March 2021, has issued certain amendments to the Investment Funds Regulations and Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority. These amendments have effective dates starting from 1 May 2021. The Fund Manager is currently in the process of evaluating the impact, if any, of these amendments on the Fund’s financial statements.

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, the Fund’s terms and conditions and the Information Memorandum. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Fund’s annual audited financial statements for the year ended 31 December 2020.

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 MULTI ASSET CONSERVATIVE FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021

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 principal accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2020.

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 2021 and accordingly adopted by the Fund, as applicable:

<u>Standards / Amendments</u>	<u>Description</u>
Amendments to IFRS 9, 7, 4, 16 and IAS 39	Interest Rate Benchmark Reform

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

b) *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 37	Onerous Contracts: cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 1, IFRS 9	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual framework	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale for Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption

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Notes to the Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of bank balances with Al Rajhi Banking and Investment Corporation (the “Bank”), being the parent entity of the Fund Manager. In addition, these balances also comprise of cash placed with Al Bilad Investment Company (the Custodian) for buying and selling of investment securities.

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

Investments at FVTPL comprise units in the following funds as at the reporting date:

	30 June 2021 (Unaudited)			
	Cost SR	Fair value SR	% of Fair value	Unrealised gain SR
<i><u>Investments in Funds</u></i>				
Al Rajhi Commodities Mudaraba Fund - SR	33,506,518	34,532,746	48.90	1,026,228
Al Rajhi Commodities Mudaraba Fund – USD	18,253,560	19,083,675	27.02	830,115
Al Rajhi Global Equity Fund	3,703,088	4,502,207	6.37	799,119
Al Rajhi Saudi Equity Income Fund	3,732,617	4,136,584	5.86	403,967
Al Rajhi Sukuk Fund	1,725,301	2,726,268	3.86	1,000,967
Jadwa REIT Fund	1,219,480	1,458,389	2.06	238,909
Al Rajhi REIT Fund	776,873	1,156,961	1.64	380,088
Derayah REIT Fund	919,286	1,143,406	1.62	224,120
Al Rajhi MSCI Saudi Multi Factor Index Fund	696,279	1,044,979	1.48	348,700
Al Rajhi MENA Dividend Growth Fund	378,048	486,568	0.69	108,520
SEDCO Capital REIT Fund	253,649	355,880	0.50	102,231
Total	65,164,699	70,627,663	100.00	5,462,964

	31 December 2020 (Audited)			
	Cost SR	Fair value SR	% of Fair value	Unrealised gain SR
<i><u>Investments in Funds</u></i>				
Al Rajhi Commodities Mudaraba Fund - SR	20,579,196	21,566,025	48.10	986,829
Al Rajhi Commodities Mudaraba Fund - USD	11,587,288	12,369,452	27.59	782,164
Al Rajhi Sukuk Fund	2,842,523	3,204,627	7.15	362,104
Al Rajhi Global Equity Fund	1,725,269	2,469,771	5.51	744,502
Al Rajhi Saudi Equity Income Fund	1,463,029	1,736,451	3.87	273,422
Al Rajhi MSCI Saudi Multi Factor Index Fund	776,632	898,843	2.00	122,211
Al Rajhi Jadwa REIT Fund	421,690	684,880	1.53	263,190
Derayah REIT Fund	539,973	625,408	1.39	85,435
Al Rajhi REIT Fund	584,685	621,188	1.39	36,503
Al Rajhi MENA Dividend Growth Fund	378,066	395,168	0.87	17,102
SEDCO Capital REIT Fund	253,709	268,446	0.60	14,737
Total	41,152,060	44,840,259	100.00	3,688,199

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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Notes to the Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021

9. 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 key management personnel of the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the Fund Manager.

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 six-month period ended 30 June	
			2021	2020
The Fund Board	The Fund Board	Fund Board fee to members of the Board	3,719	-

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

Related Party	Nature of relationship	Nature of balance	30 June	31 December
			2021	2020
The Fund Board	The Fund Board	Fund Board fee payable to members of the Board	1,408	-

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent directors' fees are currently SR 5,000 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board.

10. ACCRUED EXPENSES

	30 June 2021 (Unaudited) SR	31 December 2020 (Audited) SR
Accrued professional fees	20,827	28,200
Other accrued expenses	9,167	2,302
	<u>29,994</u>	<u>30,502</u>

11. FAIR VALUE MEASUREMENT

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.

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Notes to the Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021

11. FAIR VALUE MEASUREMENT (continued)

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 only carries investments in funds at FVTPL which are measured at fair value and are classified within level 1 of the fair value hierarchy. Other financial instruments such as cash and cash equivalents, and accrued expenses are short term financial assets and financial liabilities whose carrying amounts are approximate to fair value, because of their short-term nature and the high credit quality of counterparties. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

12. 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:

	<i>No fixed maturity SR</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<i>As at 30 June 2021 (Unaudited)</i>				
ASSETS				
Cash and cash equivalents	37,225	-	-	37,225
Investments at FVTPL	70,627,663	-	-	70,627,663
Dividends receivable	-	8,180	-	8,180
TOTAL ASSETS	70,664,888	8,180	-	70,673,068
LIABILITIES				
Accrued expenses	-	29,994	-	29,994
TOTAL LIABILITIES	-	29,994	-	29,994

	<i>No fixed maturity SR</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<i>As at 31 December 2020 (Audited)</i>				
ASSETS				
Cash and cash equivalents	42,867	-	-	42,867
Investments at FVTPL	44,840,259	-	-	44,840,259
Dividends receivable	-	15,355	-	15,355
TOTAL ASSETS	44,883,126	15,355	-	44,898,481
LIABILITIES				
Accrued expenses	-	30,502	-	30,502
TOTAL LIABILITIES	-	30,502	-	30,502

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Notes to the Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021

13. LAST VALUATION DAY

The last valuation day of the period was 30 June 2021 (2020: 31 December 2020).

14. IMPACT OF COVID-19

The Coronavirus (“COVID-19”) pandemic continues to disrupt global markets as many geographies are experiencing multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date.

The Fund Manager continues to evaluate the current situation through reviewing its investment strategy and other risk management practices to manage the impact COVID 19 outbreak has had on its normal operations and financial performance.

15. 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.

16. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 8 Muharram 1443H (corresponding to 16 August 2021).