

**RIYAD USD DIVERSIFIED TRADE FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyad Capital)**  
**Interim condensed financial statements (Un-audited)**  
**For the six-months period ended 30 June 2021**  
Together with the  
**Independent Auditor's Review Report to the Unit Holders**

**RIYAD USD DIVERSIFIED TRADE FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**  
**Interim Condensed Financial Statements (Un-audited)**  
**For the period ended 30 June 2021**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS****TO THE UNITHOLDERS OF  
RIYAD USD DIVERSIFIED TRADE FUND  
Kingdom of Saudi Arabia****INTRODUCTION**

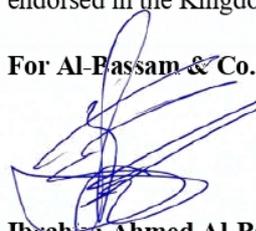
We have reviewed the accompanying interim statement of financial position of RIYAD USD DIVERSIFIED TRADE FUND (the "Fund") managed by Riyadh Capital (the "Fund Manager") as at 30 June 2021 and the related interim statements of comprehensive income, changes in net assets (Equity) attributable to the unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is 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 Engagement 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 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**CONCLUSION**

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

**For Al-Bassam & Co.****Ibrahim Ahmed Al-Bassam  
Certified Public Accountant - License No. 337****10 Muharram 1443H  
18 August 2021G  
Riyadh, Kingdom of Saudi Arabia**

**RIYAD USD DIVERSIFIED TRADE FUND****Open-Ended Mutual Fund  
(Managed by Riyadh Capital)****INTERIM STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

(Amounts in USD Dollars)

	Note	<b>30 June 2021 (Un-audited)</b>	31 December 2020 (Audited)
<b>ASSETS</b>			
Cash balances	6	<b>2,847,331</b>	2,403,862
Investments carried at amortized cost	7	<b>220,332,497</b>	224,851,236
<b>Total assets</b>		<b>223,179,828</b>	227,255,098
<b>LIABILITIES</b>			
Management fee payable	10	<b>290,612</b>	221,049
Accrued expenses		<b>41,113</b>	39,077
<b>Total liabilities</b>		<b>331,725</b>	260,126
<b>Net assets (equity) attributable to the Unit Holders</b>		<b>222,848,103</b>	226,994,972
Units in issue (number)	8	<b>8,217,830.61</b>	8,422,837.93
<b>Net assets attributable to each unit</b>		<b>27.12</b>	26.95

**RIYAD USD DIVERSIFIED TRADE FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyad Capital)**

**INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**

**For the six-month period ended 30 June 2021**

**(Amounts in USD Dollars)**

	Note	<b>30 June 2021</b>	30 June 2020
<b><u>Investment income</u></b>			
Special commission income		<b>2,090,019</b>	1,451,299
		<b>2,090,019</b>	1,451,299
<b><u>Expenses</u></b>			
Fund management fees	10	<b>(575,564)</b>	(247,037)
Other expenses	9	<b>(90,364)</b>	(14,430)
		<b>(665,928)</b>	(261,467)
<b>Net income for the period</b>		<b>1,424,091</b>	1,189,832
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>1,424,091</b>	1,189,832

**RIYAD USD DIVERSIFIED TRADE FUND****Open-Ended Mutual Fund****(Managed by Riyad Capital)****INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS (UN-AUDITED)****For the six-month period ended 30 June 2021****(Amounts in USD Dollars)**

	<u>30 June 2021</u>	<u>30 June 2020</u>
<b>Net assets (equity) attributable to the Unit Holders at the beginning of the period</b>	<b>226,994,972</b>	49,155,967
<b>Total comprehensive income for the period</b>	<b>1,424,091</b>	1,189,832
<b>Contributions and redemptions by the Unit Holders</b>		
Issuance of units	<b>101,318,923</b>	112,105,663
Redemption of units	<b>(106,889,883)</b>	(23,023,172)
<b>Net changes from unit transactions</b>	<b>(5,570,960)</b>	89,082,491
<b>Net assets (equity) attributable to the Unit Holders at the end of the period</b>	<b>222,848,103</b>	139,428,290

**RIYAD USD DIVERSIFIED TRADE FUND****Open-Ended Mutual Fund****(Managed by Riyad Capital)****INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)****For the six-month period ended 30 June 2021****(Amounts in USD Dollars)**

	Note	<b>30 June 2021</b>	30 June 2020
<b>Cash flows from operating activities:</b>			
<b>Net income for the period</b>		<b>1,424,091</b>	1,189,832
<b>Net changes in operating assets and liabilities:</b>			
Investments carried at amortized cost		<b>(981,261)</b>	(76,921,469)
Management fees payable		<b>69,563</b>	88,522
Accrued expenses		<b>2,036</b>	(3,061)
<b>Net cash from / (used in) operating activities</b>		<b>514,429</b>	(75,646,176)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of units		<b>101,318,923</b>	112,105,663
Redemptions of the units		<b>(106,889,883)</b>	(25,389,788)
<b>Net cash (used in) / from financing activities</b>		<b>(5,570,960)</b>	86,715,875
<b>Net changes in cash and cash equivalents</b>		<b>(5,056,531)</b>	11,069,699
Cash and cash equivalents at beginning of the period		<b>24,903,862</b>	14,843,611
<b>Cash and cash equivalents at end of the period</b>		<b>19,847,331</b>	25,913,310

**RIYAD USD DIVERSIFIED TRADE FUND**  
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**Notes to the interim condensed financial statements (Un-audited)**  
**For the six-month period ended 30 June 2021**  

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**(All amounts in USD Dollars unless otherwise stated)**

## **1 FUND AND ITS ACTIVITIES**

The Riyadh USD Diversified Trade Fund (the “Fund”) is a fixed income fund managed through an agreement between Riyadh Capital (the “Fund Manager”) and the investors in the Fund (the “Unit Holders”). The objective of the Fund is to seek preservation of capital and realize a reasonable return thereon, through invest direct or indirect in debt instruments compliant with Islamic Sharia.

In dealing with the Unit Holders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s Agreement, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas.

Saudi Central Bank (“SAMA”) approval for the establishment of the Fund was granted in its letter dated 4 Rabi Al Thanni 1409H (corresponding to 20 November 1988). The Fund commenced its operations on 18 June 1988.

## **2 REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) which were amended on 12 Rajab 1442H (corresponding to 24 February 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia.

## **3 BASIS OF PREPARATION**

### **3.1 Statement of compliance**

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Fund’s last annual financial statement for the year ended 31 December 2020. The results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

### **3.2 Basis of measurement**

These interim condensed financial statements have been prepared under the historical cost convention, using the accrual basis of accounting except for investments carried at fair value through profit or loss which are carried at their fair value. The Fund presents its interim statement of financial position in the order of liquidity.

### **3.3 Functional and Presentation Currency**

Items included in the interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in USD which is the Fund’s functional and presentation currency.

#### *Transactions and balances*

Foreign currency transactions are translated into USD using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into USD using the exchange rates prevailing at date of the interim statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive income.

**RIYAD USD DIVERSIFIED TRADE FUND**  
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(All amounts in USD Dollars unless otherwise stated)

**3 BASIS OF PREPARATION (CONTINUED)**

**3.4 Critical accounting judgments, estimates and assumption**

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

**Going concern**

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2020. Certain new standards, amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial statements. In the opinion of the Fund's Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

**5 MANAGEMENT FEE, AND OTHER CHARGES**

On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 0.50% per annum of the Fund's net assets value. In addition, on a daily basis the Fund Manager charges the Fund, custody fees each at the rate of 0.005% per annum of the Fund's net asset value and \$8 per transaction.

The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit and legal fees, and other similar charges. These charges are not expected to exceed in total 0.2% per annum of the Fund's net assets value.

**6 CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>30 June 2021</b> <b>(Un-audited)</b>	<b>31 December 2020</b> <b>(Audited)</b>
Cash in investment account	6.1, 12	<u>2,847,331</u>	<u>2,403,862</u>
Time deposits having maturity of three month or less from the date of acquisition	7.1	<u>17,000,000</u>	<u>22,500,000</u>
		<u>19,847,331</u>	<u>24,903,862</u>

6.1 Cash in investment account is held in an investment account with Riyadh Capital, a related party (Also see Note 1). The Fund does not earn profit on these investment accounts.

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**(All amounts in USD Dollars unless otherwise stated)**

**7 INVESTMENTS CARRIED AT AMORTIZED COST**

The Fund invests primarily in murabaha deposits and sukus. The investment portfolio held at amortized cost is summarized as follows:

	<b>Note</b>	<b>30 June 2021</b> <b>(Un-audited)</b>	<b>31 December 2020</b> <b>(Audited)</b>
Investments in Murabaha placements	7.1	<b>170,500,000</b>	192,600,000
Investments in Sukuks	7.2	<b>47,748,166</b>	30,605,870
		<b>218,248,166</b>	223,205,870
Accrued special commission income		<b>2,084,331</b>	1,645,366
		<b>220,332,497</b>	224,851,236

7.1 These placements also include placements with original maturity of 3 months or less amounting to USD 17 million (2020: USD 22.5 million).

7.2 The investments in Sukuk carry a floating commission rate.

7.3 The rate of special commission income for above investments carried at amortized cost ranges from 0.25% to 6.00% (2020: 0.1% per annum to 6.00% per annum).

**8 UNIT TRANSACTIONS**

Transactions in units for the period / year are summarized as follows:

	<b>30 June 2021</b> <b>(Un-audited)</b>	<b>31 December 2020</b> <b>(Audited)</b>
	<i>(Units in numbers)</i>	
<b>Units at the beginning of the period / year</b>	<b>8,422,837.93</b>	1,862,817.78
Units issued during the period / year	<b>3,747,750.77</b>	10,541,141.30
Units redeemed during the period / year	<b>(3,952,758.09)</b>	(3,981,121.15)
<b>Net change in units</b>	<b>(205,007.32)</b>	6,560,020.15
<b>Units at the end of the period / year</b>	<b>8,217,830.61</b>	8,422,837.93

**9 OTHER EXPENSES**

	<b>30 June 2021</b>	<b>30 June 2020</b>
VAT expense	<b>86,730</b>	12,403
Other expenses	<b>3,634</b>	2,027
	<b>90,364</b>	14,430

**10 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Fund include “Riyad Capital” being the Fund Manager, “Riyad Bank” being the shareholder of Riyad Capital, other funds managed by the Fund Manager and the Fund’s Board of Directors.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties’ transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund’s Board of Directors.

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**(All amounts in USD Dollars unless otherwise stated)**

**10 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

Related party	Nature of transactions	Amount of transaction during the period		Closing balance (payable) / receivable	
		30 June 2021	30 June 2020	30 June 2021 (Un-audited)	31 December 2020 (Audited)
Riyad Capital	Fund management fee	(575,564)	(247,034)	(290,612)	(221,049)
	Accrued VAT*	(86,335)	(12,352)	(43,592)	(33,157)
	investment account	-	-	2,847,331	2,403,862

\*Accrued VAT to related party is included in the financial position under Accrued expenses.

**11 FINANCIAL INSTRUMENTS BY CATEGORY**  
**30 June 2021 (Un-audited)**

	Amortized cost	FVPL
<b>Assets as per interim statement of financial position</b>		
Cash balance	2,847,331	-
Investments carried at amortized cost	220,332,497	-
<b>Total</b>	<b>223,179,828</b>	<b>-</b>

<b>31 December 2020 (Audited)</b>	Amortized cost	FVPL
<b>Assets as per statement of financial position</b>		
Cash balance	2,403,862	-
Investments carried at amortized cost	224,851,236	-
<b>Total</b>	<b>227,255,098</b>	<b>-</b>

All financial liabilities as at 30 June 2021 and 31 December 2020 were classified as financial liabilities measured at amortized cost.

**12 FINANCIAL RISK MANAGEMENT**

**12.1 Financial risk factors**

The objective of the Fund is to safeguard its ability to continue as a going concern so that it can continue to provide optimum returns to its Unit Holders and to ensure reasonable safety to the Unit Holders.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

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(All amounts in USD Dollars unless otherwise stated)

**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.1 Financial risk factors (continued)**

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

**(a) Market risk**

*(i) 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 financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, the Fund has equity investments.

**(b) 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. As at the date of interim statement of financial position, the Fund is exposed to credit risk on its cash balance and investments carried at amortized cost as follows:

	<b>30 June 2021</b>	31 December 2020
	<b>(Un-audited)</b>	(Audited)
Cash balance	<u>2,847,331</u>	2,403,862
Investments carried at amortized cost	<u>220,332,497</u>	224,851,236
	<u>223,179,828</u>	<u>227,255,098</u>

Amounts arising from ECL

Impairment on cash balances and investments carried at amortized cost has been measured on a 12-month expected loss basis. The Fund considers that these exposures have low credit risk based on the external credit ratings of the counterparties. 12-month and lifetime probabilities of default are based on the approved ECL methodology and impairment policy of the Fund. Loss Given Default (LGD) parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties. However, if the assets were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective profit rate.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's Terms and Conditions provide for subscription and redemption of units from Monday to Wednesday, therefore, it is exposed to the liquidity risk of meeting Unit Holder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the interim statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

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**(All amounts in USD Dollars unless otherwise stated)**

**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.1 Financial risk factors (continued)**

**(c) Liquidity risk (continued)**

The table below summarizes the maturity profile of significant assets and liabilities of the Fund based on expected maturities:

	<b>30 June 2021 (Un-audited)</b>		
	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Cash balances	2,847,331	-	2,847,331
Investments carried at amortized cost	203,332,497	17,000,000	220,332,497
<b>TOTAL ASSETS</b>	<b>206,179,828</b>	<b>17,000,000</b>	<b>223,179,828</b>
Management fees payable	290,612	-	290,612
Accrued expenses	41,113	-	41,113
<b>TOTAL LIABILITIES</b>	<b>331,725</b>	<b>-</b>	<b>331,725</b>
	<b>31 December 2020 (Audited)</b>		
	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Cash balances	2,403,862		2,403,862
Investments carried at amortized cost	202,351,236	22,500,000	224,851,236
<b>TOTAL ASSETS</b>	<b>204,755,098</b>	<b>22,500,000</b>	<b>227,255,098</b>
Management fees payable	221,049	-	221,049
Accrued expenses	39,077	-	39,077
<b>TOTAL LIABILITIES</b>	<b>260,126</b>	<b>-</b>	<b>260,126</b>

**(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Unit Holders.

**(e) Special commission rate risk**

Special commission rate risk is the risk that the financial instruments will fluctuate due to changes in the market special commission rates. The Fund is subject to special commission rate risk or future risks on its special commission bearing assets including its investments carried at amortized cost.

The following table demonstrates the sensitivity of the Fund's profit or loss for the year to a reasonably possible change in interest rates, with all other variables held constant. There is no sensitivity effect on other comprehensive income (OCI) as the Fund has no assets designated at fair value through other comprehensive income or hedging instruments. In practice, the actual trading results may differ from the below sensitivity analysis and the difference could be significant.

<b>Change in profit rate</b>	<b>Impact on Profit or loss</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
Increase by 1%	2,182,482	1,367,577
Decrease by 1%	(2,182,482)	(1,367,577)

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**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.2 Fair value estimation**

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying values of the Fund's financial instruments carried at amortized cost are assumed to approximate their fair values.

The Fund classifies its financial instruments in the following levels of fair value hierarchy:

- 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.

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the end of the reporting period during which the change has occurred. During the period, there was no transfer in fair value hierarchy for the financial assets held at fair value through profit or loss.

Other financial instruments are cash balance and investments carried at amortized cost whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

**13 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation for the current period.

**14 SUBSEQUENT EVENTS**

As of the date of approval of these interim condensed interim financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these interim condensed financial statements.

**15 LAST VALUATION DAY**

The last valuation day for the period was 30 June 2021 (30 June 2020).

**16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were authorized for issue by the Fund's Board of Directors on 17 August 2021 (corresponding to 09 Muharram 1443H).