

Interim Report 2019

Al Razeen – SAR

Fund Manager

Samba Capital & Investment Management Company

CR 1010237159,

CMA Authorization No. 07069-37

Kingdom Center, Olaya

P.O. Box 220007, Riyadh 11311

Kingdom of Saudi Arabia

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I. Fund Manager

1) Name and address of the Fund Manager:

Samba Capital & Investment Management Company
Kingdom Center, Olaya
P.O. Box 220007, Riyadh 11311
Kingdom of Saudi Arabia

2) Names and addresses of sub-manager and/or investment adviser (if any):

N/A

3) Review of the investment activities during the period:

During the six months ended 30 June 2019, the fund has invested in short term money market instruments in accordance with its T&Cs.

4) Investment Fund's performance during the period:

Al Razeen SAR Liquidity Fund's for the first half of 2019 return was 2.4% while its benchmark, SIBOR for one month, return was 2.7%. At the end of June 2019, the Fund's aggregate net assets stood at SAR 910 million compared with previous year of SAR 1,051 million. The number of units at the end of the period under review was 31,798,303 compared to 37,587,826 at the end of June 2018. Moreover, Al Razeen SAR unit price was SAR 28.6 at the end of the first half of 2019, as compared to SAR 27.9 at the end of the same period of the previous year. The subscriptions for the six months ending June 2019 were SAR 58.0 million, as compared to SAR 50.6 million for the six months ending June 2018. On the other hand, value of units redeemed was SAR 102.8 million for the first half of 2019 as compared to SAR 123.48 million for the same period of the previous year. The performance of the Fund is presented below:

Cumulative returns	International Trade Finance Fund's Return % (Al Razeen SAR)	Benchmark SIBOR for one month %
1 year	2.31	2.67
3 year	6.65	6.28
5 year	8.99	8.19
Since inception	186.42	146.81

5) Details of any changes on the Terms and Conditions, Memorandum of Information or documents of the fund during the period:

Changes	Details
Adjust the Auditor fees as result to the increasing fees of the Auditor	Main summary information: Clause (b) Fees, Charges and expenses / Auditor fees and from T&Cs clause (7) Fees, Charges and expenses (A) Details of all payments from the assets of the Fund and method of calculation and from IM clause (5) Fees, Charges and expenses
Amend the deadline for submit the subscription & redemption and transfer requests to comply with the nature of money market funds	Amendment of the dealing clause of the T&Cs and IM to amend the deadline for submission Subscription and redemption & transfer requests.
The source of the benchmark index was revised after the Saudi Arabian Monetary Agency (SAMA) authorized	Amend the Investment Policies and Practices /Benchmark index from the IM

Reuters to publish the prices of the SAIBOR	
More clarification for the custody fees calculation	Amend the article of the past performance from the T&Cs and the article of fees, expenses and services from T&Cs and information memorandum by calculating the custody fees on each valuation day and paying it on a monthly basis based on Total assets at the end of each month
Appointing New Chairman of the board of directors for the fund manager.	Amend the article 12 from information memorandum by appointing the chairman of the board of directors of the fund manager Mr. Ali Hussain Ali Riza
Adding risk to the main risks of investing in the fund	Amend the paragraph of the main risks of investing in the fund by adding other risks
Appointing fund board member Mr. Saleh Ali Al-Sugair	Clause 10 of IM : Appointing Mr. Saleh Ali Al-Sugair as fund board member in section of IM
Appoint Mr. Shujaat Nadeem as a Board Member of the Samba Capital, And Appoint Mr. Ali Bin Abdul Aziz Al Turki and Mr. Khalid Bin Saleh Al-Khattaf as Independent Board Directors	Clause 12 G of IM : Appointing Mr. Shujaat Nadeem as a Board Member of the Samba Capital, And Appoint Mr. Ali Bin Abdul Aziz Al Turki and Mr. Khalid Bin Saleh Al-Khattaf as Independent Board Directors

- 6) Samba Capital has included all necessary information that would enable unitholders to make an informed judgment about the fund's activities during the period.
- 7) Al Razeen SAR Fund has not invested in any other fund during the period.
- 8) No special commission was received by the fund manager during the period.
- 9) Others:
 - There has been no conflict of interest situation that required the Fund Board's approval during the six months ending June 2019.
 - Samba Capital has not invested in Al Razeen SAR Fund during the six months ending June 2019.
 - There was no breach of investment limitation during the six months ending June 2019.
 - The Fund's cash level varies and may rise above 10% under abnormal market conditions.
 - Article 48 of IFR requires weighted average life (WAL) to be maintained at 120 days, CMA was notified about the WAL Situation.

II. Financial Statements

These interim condensed financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). For detailed auditor's opinion refer to Appendix-1

Disclaimer:

Samba Capital is authorized by the Capital Market Authority. Samba Capital does not guarantee the performance of any investment. The value of an investment in the Fund is variable and may increase or decrease. The Fund's past performance or the Benchmark's past performance is not necessarily a guide or predictor of the Fund's future performance. There is no guarantee to the unit holders that the Fund's absolute performance or its performance relative to the Benchmark will be repeated or similar to the previous performance. The prices or value or income of the units of the Fund may decrease and the investor may get back less than the amount invested. The income of the Fund from investment in securities may fluctuate and a part of the capital invested may be used to pay that income. The Fund invests in foreign currency denominated securities and therefore is exposed to foreign exchange risk that may have an adverse effect on the price, value or income of the Fund. Investment in investment funds is not a deposit with any bank. Investors may be exposed to loss of funds when investing in investment funds. The Fund Manager is not obliged to accept the redemption request of the units at the value of the offering. The value of the units and their revenues are subject to fluctuations. The investment may not be suitable for all recipients of the advertisement; SambaCapital recommends that if they have any doubts, they should seek advice from their investment adviser. Fees and charges apply as per Terms and Conditions; please refer to the T&Cs for more details on the risks involved while investing in the Fund. To obtain a copy of the T&Cs, information memorandum, fund reports to unitholders and financial statements, please visit our website www.sambacapital.com or call 800 755 7000 or visit your nearest Samba Capital investment center. Samba Capital or its affiliates may invest into the Fund and has or may have a position or holding in the securities concerned or in related securities. Samba Capital also carries on other independent securities business such as Corporate Finance, Investment Banking, Brokerage and Principal Investment. Samba Capital or its affiliates may provide or may have provided in the past 12 months, significant advice or securities business services to the issuers of securities, in which the Fund may invest from time to time or of related securities.

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Appendix-1 (Financial Statements)

**Saudi Riyal Liquidity Fund
(Al Razeen - SAR)**

Interim Condensed Financial Statements and
Independent Auditor's Report
For the Period Ended 30 June 2019



Report on review of Interim Condensed Financial Statements

To the Unit holders and the Fund Manager of Saudi Riyal Liquidity Fund (Al Razeen – SAR):

Introduction

We have reviewed the accompanying interim statement of financial position of Saudi Riyal Liquidity Fund (Al Razeen – SAR) (the "Fund") as of June 30, 2019, and the related statements of comprehensive income, cash flows and changes in net assets for the six-month period then ended and the notes, comprising a summary of significant accounting policies and other explanatory notes. 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), as 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' 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

By: _____
Bader I. Benmohareb
License Number 471

July 30, 2019

Saudi Riyal Liquidity Fund (Al Razeen – SAR)

INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	<i>Notes</i>	<i>June 30, 2019 (Unaudited) SAR</i>	<i>December 31, 2018 (Audited) SAR</i>	<i>June 30, 2018 (Unaudited) SAR</i>
ASSETS				
Cash at bank	8	12,243,402	14,499,195	14,718,293
Investments measured at amortised cost	4	902,244,151	931,141,450	1,038,334,010
TOTAL ASSETS		914,487,553	945,640,645	1,053,052,303
LIABILITIES				
Redemptions payable		2,891,661	472,695	3,850
Management fee payable	5	1,262,767	1,324,415	1,439,961
Other payables		26,644	138,001	168,516
TOTAL LIABILITIES		4,181,072	1,935,111	1,612,327
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		910,306,481	943,705,534	1,051,439,976
Units in issue		31,798,304	33,366,028	37,587,826
Per unit value	6	SAR 28.63	SAR 28.28	SAR 27.97

The notes 1 to 11 form part of these interim condensed financial statements.

Saudi Riyal Liquidity Fund (Al Razeen – SAR)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended June 30, 2019

	<i>Note</i>	2019 (Unaudited) SAR	2018 (Unaudited) SAR
INVESTMENT INCOME			
Special commission income		13,856,904	11,493,578
TOTAL INCOME		13,856,904	11,493,578
EXPENSES			
Management fee	5	2,463,215	2,794,563
Others		117,603	72,100
(Reversal of) / provision for loss allowance		(31,880)	18,189
TOTAL EXPENSES		2,548,938	2,884,852
NET INCOME FOR THE PERIOD		11,307,966	8,608,726
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,307,966	8,608,726

The notes 1 to 11 form part of these interim condensed financial statements.

Saudi Riyal Liquidity Fund (Al Razeen – SAR)

INTERIM STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2019

	<i>Note</i>	2019 (Unaudited) SAR	2018 (Unaudited) SAR
OPERATING ACTIVITIES			
Net income for the period		11,307,966	8,608,726
<i>Adjustment for:</i>			
(Reversal of) / provision for loss allowance		(31,880)	18,189
		11,276,086	8,626,915
<i>Changes in operating assets and liabilities:</i>			
Investments measured at amortised cost		46,122,638	101,545,350
Management fee payable		(61,648)	(204,475)
Other payables		(111,357)	(5,560)
Net cash generated from operating activities		57,225,719	109,962,230
FINANCING ACTIVITIES			
Proceeds from units sold		58,093,374	50,631,459
Value of units redeemed, net		(100,381,427)	(123,797,180)
Net cash used in financing activities		(42,288,053)	(73,165,721)
NET CHANGE IN CASH AND CASH EQUIVALENTS		14,937,666	36,796,509
Cash and cash equivalents at the beginning of the period		828,322,008	688,757,175
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	843,259,674	725,553,684

The notes 1 to 11 form part of these interim condensed financial statements.

Saudi Riyal Liquidity Fund (Al Razeen – SAR)

INTERIM STATEMENT OF CHANGES IN NET ASSETS

For the six month period ended June 30, 2019

	2019 <i>(Unaudited)</i> SAR	2018 <i>(Unaudited)</i> SAR
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	943,705,534	1,116,225,854
Effect of adoption of IFRS – 9	-	(542,735)
Restated balance as at January 1	943,705,534	1,115,683,119
CHANGES FROM OPERATIONS		
Total comprehensive income for the period	11,307,966	8,608,726
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	58,093,374	50,631,459
Value of units redeemed	(102,800,393)	(123,483,328)
Net change from unit transactions	(44,707,019)	(72,851,869)
NET ASSET VALUE AT THE END OF THE PERIOD	910,306,481	1,051,439,976

Transactions in units for the periods ended June 30 are summarised as follows:

	2019 <i>(Unaudited)</i> Units	2018 <i>(Unaudited)</i> Units
UNITS AT THE BEGINNING OF THE PERIOD	33,366,028	40,209,046
Units sold	2,041,904	1,817,240
Units redeemed	(3,609,628)	(4,438,460)
Net change in units	(1,567,724)	(2,621,220)
UNITS AT THE END OF THE PERIOD	31,798,304	37,587,826

The notes 1 to 11 form part of these interim condensed financial statements.

Saudi Riyal Liquidity Fund (Al Razeen – SAR)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2019

1 GENERAL

Saudi Riyal Liquidity Fund (Al Razeen - SAR) (the Fund) is an open-ended investment fund designed for investors seeking liquidity and capital appreciation. The assets of the Fund are invested in money market instruments. All income is reinvested in the Fund and reflected in the unit price. The Fund is managed by Samba Capital & Investment Management Company (the Manager), a wholly owned subsidiary of Samba Financial Group (the Bank).

The interim condensed financial statements should be read in conjunction with the annual audited financial statements of the Fund. The interim results may not be an indicator of the annual results of the Fund. There have been no changes to the risk management policies as set out in the audited financial statements for the year ended December 31, 2018.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the Regulations) published by the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia on 3 Dhul Hijja 1427H (corresponding to December 24, 2006) as amended by the resolution of the CMA Board on 16 Sha'aban 1437H (corresponding to May 23, 2016).

3 SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2018.

4 INVESTMENTS MEASURED AT AMORTISED COST

	<i>June 30, 2019 (Unaudited) SAR</i>	<i>December 31, 2018 (Audited) SAR</i>	<i>June 30, 2018 (Unaudited) SAR</i>
Money market placements with the Bank	166,802,000	-	245,539,802
Money market placements with other banks	664,214,272	859,923,246	721,673,247
Sukuks and bonds	71,699,087	71,721,292	71,681,885
Gross carrying value	902,715,359	931,644,538	1,038,894,934
Expected credit losses	(471,208)	(503,088)	(560,924)
Net carrying value	902,244,151	931,141,450	1,038,334,010

Saudi Riyal Liquidity Fund (Al Razeen – SAR)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the six month period ended June 30, 2019

Set out below are the maturity details of gross carrying value of investments:

	<i>June 30, 2019 (Unaudited) SAR</i>	<i>December 31, 2018 (Audited) SAR</i>	<i>June 30, 2018 (Unaudited) SAR</i>
Maturity within 3 months	831,016,272	832,910,308	967,213,049
Maturity within 3 – 12 months	-	27,012,938	-
Maturity more than 1 year	71,699,087	71,721,292	71,681,885
	902,715,359	931,644,538	1,038,894,934

4.1 Expected credit loss measurement

The table below shows the maximum exposure to credit risk on financial instruments subject to impairment.

	As at June 30, 2019				As at December 31, 2018	As at June 30, 2018
	Stage 1 12-month ECL SAR	Stage 2 Lifetime ECL SAR	Stage 3 Lifetime ECL SAR	Total SAR	Total SAR	Total SAR
Cash at bank	12,243,402	-	-	12,243,402	14,499,195	14,718,293
Investments measured at amortised cost	902,715,359	-	-	902,715,359	931,644,538	1,038,894,934
Gross carrying amount	914,958,761	-	-	914,958,761	946,143,733	1,053,613,227
Expected credit losses	(471,208)	-	-	(471,208)	(503,088)	(560,924)
Carrying amount	914,487,553	-	-	914,487,553	945,640,645	1,053,052,303

5 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 records management fee payable to the Manager calculated at an annual rate of 0.50% (2018: 0.50%) of the net asset value at each valuation date. The Bank acts as one of the Fund's banker. Money market placements with the Bank are disclosed in note 4.

6 EFFECT ON NET ASSET VALUE IF EXPECTED CREDIT LOSSES ARE NOT RECOGNIZED

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 December 28, 2017) to restrict the recording of expected credit losses calculated in accordance with IFRS 9 only for the purpose of the investment fund's financial statements. Adjustment of the unit price calculated according to the applicable financial reporting framework alongside with the unit price calculated for the purpose of unit transactions is as set out below:

Saudi Riyal Liquidity Fund (Al Razeen – SAR)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the six month period ended June 30, 2019

i) Expected credit losses on financial assets is as set out below

	<i>As at June 30, 2019 (Unaudited) SAR</i>	<i>As at December 31, 2018 (Audited) SAR</i>	<i>As at June 30, 2018 (Unaudited) SAR</i>
Expected credit losses on financial assets	471,208	503,088	560,924
Units in issue	31,798,304	33,366,028	37,587,826
Per unit share in expected credit losses	0.01	0.02	0.02

i) The net asset values, after incorporating expected credit losses is set out below

	<i>As at June 30, 2019 (Unaudited) SAR</i>	<i>As at December 31, 2018 (Audited) SAR</i>	<i>As at June 30, 2018 (Unaudited) SAR</i>
Net asset value per unit expected credit losses as per these interim condensed financial statements	28.63	28.28	27.97
Per unit share in expected credit losses	0.01	0.02	0.02
Net asset value per unit before expected credit losses	28.64	28.30	27.99

7 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities as at June 30, 2019, December 31, 2018 and June 30, 2018 were classified under amortised cost category.

8 CASH AND CASH EQUIVALENTS

	<i>June 30, 2019 (Unaudited) SAR</i>	<i>December 31, 2018 (Audited) SAR</i>	<i>June 30, 2018 (Unaudited) SAR</i>
Money market placements with an original maturity of three months or less	831,016,272	813,822,813	710,835,391
Cash at Bank	12,243,402	14,499,195	14,718,293
	843,259,674	828,322,008	725,553,684

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

For the six month period ended June 30, 2019

9 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 Fund uses following hierarchy for determining and disclosing the fair value of financial instruments:

- 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. Currently, the Fund does not have any investments which are carried at fair value.

10 LAST VALUATION DAY

The last valuation date for the purpose of preparation of these interim condensed financial statements was June 30, 2019 (2018: June 30, 2018).

11 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These financial statements were approved by the Fund Board on July 30, 2019.