

Interim Report 2018
Izdihar China Equity Fund

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):

The sub-manager of the Fund:
NOMURA Asset Management UK Limited
Nomura House, 1 St. Martin's-le-Grand, London, EC1A 4NT
The Fund does not have an investment adviser.

3) Review of the investment activities during the period:

During the six months ended 30 June 2018, the Fund invested in units of the Fund managed by Nomura, in accordance with the Fund's terms and conditions.

4) Investment fund's performance during the period:

Izdihar China Equity Fund's return for the first half of 2018 -4.53% while its benchmark, MSCI China Index, return was -3.84%. At the end of June 2018, the Fund's aggregate net assets stood at USD 24.5 million compared with the previous year of USD 29.1 million. The number of units at the end of the period under review was 858,578 compared to 1,122,949 at the end of June 2017. Moreover, Izdihar's unit price was USD 28.53 at the end the first half of 2018, as compared to USD 25.91 at the end of the same period of the previous year. The subscriptions for the six months ended June 2018 were USD 2,329,392 as compared to USD 244,561 for the six months ended June 2017. On the other hand, value of units redeemed was USD 10,572,206 for the first half of 2018 as compared to USD 975,380 for the same period of the previous year. The performance of the Fund is presented below:

| Cumulative returns | Izdihar China Equity Fund Return % | Benchmark Return % (MSCI China Index) |
|--------------------|------------------------------------|--|
| 1 year | 9.20 | 16.41 |
| 3 year | 4.70 | 16.52 |
| 5 year | 44.58 | 60.84 |
| Since inception | 181.46 | 243.01 |

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

| Changes | Details |
|--|---|
| VAT implementing | Adding VAT in the definitions & in Clause 10 & 11 & 12 for the fees and expenses in T&Cs. |
| Appointing custodian for the fund & change the custodian fees. | Appoint HSBC as custodian for the fund and change the fees for the custodian. |
| The resignation of SC board member Ziyad Al-Tounisi | Clause 12 of IM : removing Ziyad Al-Tounisi name from SC board section of IM |
| The resignation of the Fund board members Qusai Al-Fakhri | Clause 10 of IM : removing Qusai Al-Fakhri name from fund board section of IM |

- 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) Izdihar China Equity Fund has invested in Nomura Funds Ireland PLC – China Fund - Class I 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 2018.
 - Samba Capital has not invested in Izdihar China Equity Fund during the six months ending June 2018.
 - There was no breach of investment limitation during the six months ending June 2018.
 - The Fund's cash level varies and may rise above 10% under abnormal market conditions.

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 could be subject to high volatility due to the composition of its investments. 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 be 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)

Samba China Opportunities Fund (Al Izdihar)

Interim Condensed Financial Statements and
Independent Auditor's Report
For the Period Ended June 30, 2018



Report on review of Interim Condensed Financial Statements

To the Unit holders and the Fund Manager of Samba China Opportunities Fund (Al Izdihar):

Introduction

We have reviewed the accompanying interim statement of financial position of Samba China Opportunities Fund (Al Izdihar) (the "Fund") as of June 30, 2018, and the related statement 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: _____

Omar M. Al Sagga
License No. 369

August 9, 2018

Samba China Opportunities Fund (Al Izdihar)

INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

| | <i>Notes</i> | <i>June 30, 2018 (Unaudited) USD</i> | <i>December 31, 2017 (Audited) USD</i> | <i>January 1, 2017 (Unaudited) USD</i> |
|--|--------------|--|--|--|
| ASSETS | | | | |
| Bank balance | | 20,101 | 41,046 | 16,876 |
| Investments at fair value through profit or loss | | 24,204,160 | 33,340,707 | 24,955,584 |
| Other assets | 6 | 9,649,000 | - | - |
| | | <u>33,873,261</u> | <u>33,381,753</u> | <u>24,972,460</u> |
| LIABILITIES | | | | |
| Management fee payable | 5 | 84,529 | 86,412 | 68,324 |
| Other payables | 8 | 9,295,906 | 68,601 | 80,825 |
| | | <u>9,380,435</u> | <u>155,013</u> | <u>149,149</u> |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | | <u><u>24,492,826</u></u> | <u><u>33,226,740</u></u> | <u><u>24,823,311</u></u> |
| Units in issue | | <u>858,578</u> | <u>1,129,118</u> | <u>1,156,721</u> |
| Per unit value | | <u>USD 28.53</u> | <u>USD 29.43</u> | <u>USD 21.46</u> |

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

Samba China Opportunities Fund (Al Izdihar)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended June 30, 2018

| | <i>Notes</i> | 2018 (Unaudited) USD | 2017 (Unaudited) USD |
|--|--------------|-------------------------------------|-------------------------------------|
| INVESTMENT (LOSS) / INCOME | | | |
| (Loss) / gain on investments at fair value through profit or loss, net | 7 | (296,547) | 5,222,785 |
| Special commission income | | 48 | 24 |
| | | (296,499) | 5,222,809 |
| EXPENSES | | | |
| Management fees | 5 | 177,281 | 138,327 |
| Others | | 17,320 | 13,376 |
| | | 194,601 | 151,703 |
| NET (LOSS) / INCOME FOR THE PERIOD | | (491,100) | 5,071,106 |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD | | (491,100) | 5,071,106 |

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

Samba China Opportunities Fund (Al Izdihar)

INTERIM STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2018

| | <i>Notes</i> | 2018 (Unaudited) USD | 2017 (Unaudited) USD |
|--|--------------|-------------------------------------|-------------------------------------|
| OPERATING ACTIVITIES | | | |
| Net (loss) / income for the period | | (491,100) | 5,071,106 |
| Adjustment for: | | | |
| Unrealised loss / (gain) on investments at fair value through profit or loss | 7 | 640,403 | (5,479,422) |
| | | 149,303 | (408,316) |
| Changes in operating assets and liabilities: | | | |
| Investments at fair value through profit or loss, net | | 8,496,144 | 1,233,638 |
| Other assets | | (9,649,000) | (67,000) |
| Management fee payable | | (1,883) | 4,569 |
| Other payables | | 8,913 | (10,045) |
| Net cash (used in) / generated from operating activities | | (996,523) | 752,846 |
| FINANCING ACTIVITIES | | | |
| Proceeds from units sold | | 2,329,392 | 244,561 |
| Value of units redeemed | | (10,572,206) | (975,380) |
| Net cash used in financing activities | | (8,242,814) | (730,819) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | (9,239,337) | 22,027 |
| Cash and cash equivalents at the beginning of the period | | 41,046 | 16,876 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 8 | (9,198,291) | 38,903 |

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

Samba China Opportunities Fund (Al Izdihar)

INTERIM STATEMENT OF CHANGES IN NET ASSETS

For the six months period ended June 30, 2018

| | 2018 <i>(Unaudited)</i> USD | 2017 <i>(Unaudited)</i> USD |
|--|---|---|
| NET ASSETS AT THE BEGINNING OF THE PERIOD | 33,226,740 | 24,823,311 |
| CHANGE FROM OPERATIONS | | |
| Total comprehensive (loss) / income for the period | (491,100) | 5,071,106 |
| CHANGES FROM UNIT TRANSACTIONS | | |
| Proceeds from units sold | 2,329,392 | 244,561 |
| Value of units redeemed | (10,572,206) | (1,048,412) |
| Net change from unit transactions | (8,242,814) | (803,851) |
| NET ASSETS AT THE END OF THE PERIOD | 24,492,826 | 29,090,566 |

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

| | 2018 <i>(Unaudited)</i> Units | 2017 <i>(Unaudited)</i> Units |
|---|---|---|
| UNITS AT THE BEGINNING OF THE PERIOD | 1,129,118 | 1,156,721 |
| Units sold | 73,977 | 10,042 |
| Units redeemed | (344,517) | (43,814) |
| Net change in units | (270,540) | (33,772) |
| UNITS AT THE END OF THE PERIOD | 858,578 | 1,122,949 |

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

Samba China Opportunities Fund (Al Izdihar)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2018

1 GENERAL

Samba China Opportunities Fund (Al Izdihar) (the Fund) is an open-ended investment fund designed for investors seeking long term capital growth. The assets of the Fund are invested primarily in Chinese Equities through investment in Nomura China Opportunities Fund. 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 books and records of the Fund are maintained in US Dollars (USD).

Nomura Funds – China Opportunities Fund charges a management fee calculated at an annual rate of 1% (2017: 1%) which is reflected in the unit price of investments held at fair value through profit or loss.

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.

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

The principal accounting policies applied in the preparation of these interim condensed financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Where policies are applicable only after or before January 1, 2018, those policies have been particularly specified.

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 all periods up to and including the year ended December 31, 2017, the Fund prepared its financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia promulgated by SOCPA. The interim condensed financial statements for the six-month period ended June 30, 2018 are the first financial statements of the Fund prepared in accordance with IFRS (Note 4).

3.1 Accounting convention

The interim condensed financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments at fair value through profit or loss.

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

Items included in these 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 US Dollars (USD) which is the Fund's functional and presentation currency.

Samba China Opportunities Fund (Al Izdihar)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the six month period ended June 30, 2018

3.2 Use of estimates in the preparation of the financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

The impact of ECL on the net assets of the Fund is immaterial as the significant exposure of the Fund is held at fair value through profit or loss as at the reporting date.

3.3 Cash and cash equivalents

Cash and cash equivalents as referred to in the interim statement of cash flows comprise current accounts with banks and bank overdrafts.

3.4 Financial instruments

Change in accounting policy

The Fund has adopted IFRS 9 'Financial Instruments' as issued by the International Accounting Standards Board (IASB) in July 2014 with a date of transition of January 1, 2018, which has not resulted in any changes in accounting policies (except for as stated in note 3.4.1) and adjustments to the amounts previously recognised in the financial statements. Hence, financial assets and liabilities have not been re-classified/re-measured in these interim condensed financial statements.

3.4.1 Classification and measurement of financial assets at fair value through profit or loss

Equity instruments

Policy applicable from January 1, 2018

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Fund classifies its financial assets at fair value through profit or loss (FVPL). The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the interim statement of comprehensive income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the interim statement of comprehensive income when the Fund's right to receive payments is established.

Samba China Opportunities Fund (Al Izdihar)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the six month period ended June 30, 2018

Policy applicable before January 1, 2018

Investments are classified as "held for trading" if they are purchased for the purpose of resale in the short term. Investments held for trading are initially recorded at cost which includes the purchase price plus all expenditures made by the Fund for the purpose of acquiring the securities. Subsequent to initial recognition, investments held for trading are measured at fair value and resulting gains or losses are recognised in the statement of income but excluding dividend income which is separately shown in the statement of income. Realised gains or losses at disposal and unrealised gains or losses are determined on average cost basis.

3.5 Impairment of financial assets

Policy applicable from January 1, 2018

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Policy applicable before January 1, 2018

Financial assets are assessed for impairment when it is established that there is objective evidence that the Fund may not be able to collect all amounts due. The amount of impairment is the difference between the carrying amount and the estimated recoverable amount. The estimated recoverable amount is the present value of expected cash flows discounted based on the original effective yield rate.

3.6 De-recognition of financial instruments

A financial asset is derecognized, when the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for de-recognition. In instances where the Fund is assessed to have transferred a financial asset, the asset is derecognized if the Fund has transferred substantially all the risks and rewards of ownership. Where the Fund has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Fund has not retained control of the financial asset. The Fund recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

3.7 Financial liabilities

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVPL. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

3.8 Foreign currencies

Transactions in foreign currencies are translated into US Dollars, which is the functional and presentation currency of the Fund, at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at the interim statement of financial position date are translated at the rates of exchange ruling at that date. Resulting exchange gains and losses, if any, are taken to the interim statement of comprehensive income.

3.9 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the interim statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Samba China Opportunities Fund (Al Izdihar)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the six month period ended June 30, 2018

3.10 Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost.

3.11 Redeemable units

The net asset value of the Fund's portfolio is determined on Monday and Wednesday of each week's closing prices (Valuation Day). The unit price is calculated by subtracting the liabilities from the total assets value, then dividing the result (NAV) by the number of units outstanding on a valuation day.

The Fund's redeemable units meet the definition of puttable instruments classified as equity instruments under IFRS and accordingly, are classified as equity instruments.

3.12 Revenue recognition

Realised gains and losses on investments sold are determined on a weighted average cost basis. Dividend income is recognised when right to receive dividends is established. Special commission income is recognised on an effective yield basis.

3.13 Investment transactions

Investment transactions are accounted for as of the trade date.

3.14 Zakat and income tax

Zakat and income tax is the obligation of the unit holders and is not provided for in these interim condensed financial statements.

3.15 Accounting standards issued but not effective

IFRS 16 – Leases has been issued by International Accounting Standard Board (IASB) that is mandatory for the accounting period beginning on or after January 1, 2019 but is not considered to have any significant effect on the Fund's operations.

4 FIRST TIME ADOPTION OF IFRS

The financial statements for the period ended June 30, 2018 are the first interim condensed financial statements of the Fund prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia. For periods up to and including the year ended December 31, 2017, the Fund prepared its financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia promulgated by SOCPA.

Accordingly, the Fund has prepared the interim condensed financial statements that comply with IFRS as endorsed in the Kingdom of Saudi Arabia applicable as at June 30, 2018, together with the comparative periods as at January 1, 2017 and as at December 31, 2017. This note explains the principal adjustments made by the Fund in restating its previous statements of financial positions as at January 1, 2017 and December 31, 2017 which had been prepared in accordance with the requirements of SOCPA.

Exemptions applied

IFRS 1 'First-time Adoption of International Financial Reporting Standards' allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

Samba China Opportunities Fund (Al Izdihar)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the six month period ended June 30, 2018

The Fund has applied the following exemption:

The Fund has adopted IFRS 9 as issued by International Accounting Standards Board in July 2014 with a date of transition of January 1, 2018, which does not result in adjustments to the amounts previously recognised in the financial statements.

As permitted by the transitional provisions of IFRS 9, the Fund elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and financial liabilities at the date of transition to IFRS 9 were recognised in the opening net assets (January 1, 2018) of current period.

Therefore, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also been applied to the current period only.

The assessment of business model has been made on the basis of the facts and circumstances that existed at the date of transition.

Estimates

The estimates at January 1, 2017 and at December 31, 2017 are consistent with those made for the same dates in accordance with SOCPA.

The Fund's assets, liabilities, income, expenses, operating and financing cash flows reported under SOCPA did not significantly differ from IFRS.

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 pays a management fee calculated at an annual rate of 1% (2017: 1%) on the net asset value at the end of each valuation day. The Bank acts as the Fund's banker.

6 RISK MANAGEMENT

The Manager has in place policies and procedures to identify risks affecting the Fund's investments and to ensure that such risks are addressed as soon as possible. Furthermore, the Manager shall make every effort to ensure that sufficient liquidity is available to meet any anticipated redemption request. The Board of the Fund plays a role in ensuring that the Manager fulfils its responsibilities to the benefit of the Unitholders in accordance with the provisions of the Investment Funds Regulations and the Terms and Conditions.

6.1 Financial risk factors

The Fund's activities are primarily exposed to market risk in addition to the other risks like liquidity and credit risks.

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 financial instruments will fluctuate because of changes in market prices.

The Fund's investments are susceptible to market price risk arising from uncertainties about future prices. The Manager manages this risk through diversification of its investment portfolio in terms of geographic concentration.

Samba China Opportunities Fund (Al Izdihar)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the six month period ended June 30, 2018

The effect on the interim statement of comprehensive income (as a result of the change in the net asset value of instruments held at fair value through profit or loss as at June 30, 2018) due to a 10% change in net asset value per unit, keeping all other variables held constant is USD 2,420,416 (December 31, 2017: USD 3,334,071, January 1, 2017: USD 2,495,558).

(ii) Special commission rate risk

Special commission rate risk arises from the possibility that changes in market special commission rates will affect future profitability or the fair value of the financial instruments. As the Fund is not carrying any significant special commission bearing investments, the Fund is not subject to significant special commission rate risk.

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Fund's financial assets and liabilities are denominated in US Dollars and the Fund is not exposed to any currency risks.

(b) Liquidity risk

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

The Fund arranges for the subscriptions and redemptions of units on a scheduled basis and is therefore exposed to the liquidity risk of meeting unit holder redemptions. The Manager monitors liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet commitments as they arise.

(c) 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. Currently, the Fund is not exposed to any significant credit risk. The bank balances are held with the Banks which has a sound credit rating.

Receivables on sale of certain investments are included in other assets.

6.2 Capital risk management

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

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

6.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Samba China Opportunities Fund (Al Izdihar)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the six month period ended June 30, 2018

The estimated fair value of the Fund's financial assets and liabilities is not considered to be significantly different from their carrying values. The fair value of investments held at fair value through profit or loss are based on the investee's latest reported net asset values as at the date of interim statement of financial position, and are therefore classified within Level 2.

7 (LOSS) / GAIN ON INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET

| | 2018 (Unaudited) USD | 2017 (Unaudited) USD |
|--------------------------|---|---|
| Realised gain / (loss) | 343,856 | (256,637) |
| Unrealised (loss) / gain | (640,403) | 5,479,422 |
| | (296,547) | 5,222,785 |

8 CASH AND CASH EQUIVALENTS

| | June 30, 2018 (Unaudited) USD | December 31, 2017 (Unaudited) USD | January 1, 2017 (Unaudited) USD |
|-----------------------|--|--|--|
| Bank balance | 20,101 | 41,046 | 16,876 |
| Payable to the Bank * | (9,218,392) | - | - |
| | (9,198,291) | 41,046 | 16,876 |

* This amount is included in other payables

9 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities as at June 30, 2018 were classified under amortised cost category except for investments at fair value through profit or loss which are classified as and measured 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, 2018 (2017: June 30, 2017).

11 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Board on 26 Dhul Qa'dah 1439H (corresponding to August 8, 2018).