

**Riyad Small And Medium Cap Fund
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
Interim condensed financial information (Un-audited)
For the six-months period ended 30 June 2022
Together with the
Independent Auditor's Review Report to the Unitholders**

RIYAD SMALL AND MEDIUM CAP FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)

Interim Condensed Financial Information (Un-audited)
For the period ended 30 June 2022

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Report on review of Interim Condensed Financial Information

To the Unitholders and the Fund Manager of
Riyad Small and Medium Cap Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Riyadh Small and Medium Cap Fund (the "Fund") as of 30 June 2022 and the related interim condensed statements of comprehensive income, changes in equity attributable to the unitholders and cash flows for the six-month period then ended and other explanatory notes. Fund Manager is responsible for the preparation and presentation of this interim condensed financial information 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 this interim condensed financial information 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 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, 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 information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

15 August 2022
(17 Muharram 1444H)



RIYAD SMALL AND MEDIUM CAP FUND**Open-Ended Mutual Fund****(Managed by Riyadh Capital)****INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION****(Amounts in Saudi Arabian Riyal)**

	Note	As at 30 June 2022 (Un-audited)	As at 31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	6	1,506,970	920,119
Investments carried at fair value through profit or loss (FVPL)	7	26,620,977	20,445,491
Dividend receivable		4,854	4,772
Total assets		28,132,801	21,370,382
LIABILITIES			
Fund management fees payable	11	20,008	129,072
Accrued expenses		22,214	43,629
Redemptions payable		-	102,411
Total liabilities		42,222	275,112
Equity attributable to the Unitholders		28,090,579	21,095,270
Units in issue (number)	8	798,399.42	670,452.49
Equity attributable to each unit		35.18	31.46

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

RIYAD SMALL AND MEDIUM CAP FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the six-month period ended
(Amounts in Saudi Arabian Riyal)

	Note	30 June 2022	30 June 2021
<u>Investment income</u>			
Net gain from investments carried at FVPL	9	2,280,525	4,297,877
Dividend income		357,984	243,155
		2,638,509	4,541,032
<u>Expenses</u>			
Fund management fees	11	(327,355)	(189,810)
Other expenses	10	(89,380)	(43,611)
		(416,735)	(233,421)
Net income for the period		2,221,774	4,307,611
Other comprehensive income for the period		-	-
Total comprehensive income for the period		2,221,774	4,307,611

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

RIYAD SMALL AND MEDIUM CAP FUND**Open-Ended Mutual Fund****(Managed by Riyadh Capital)****INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)****For the six-month period ended****(Amounts in Saudi Arabian Riyal)**

	30 June 2022	30 June 2021
Equity attributable to the Unitholders at the beginning of the period	21,095,270	16,979,323
Total comprehensive income for the period	2,221,774	4,307,611
Subscriptions and redemptions by the Unitholders		
Issuance of units	9,478,642	1,663,258
Redemption of units	(4,705,107)	(3,426,625)
Net changes from unit transactions	4,773,535	(1,763,367)
Equity attributable to the Unitholders at the end of the period	28,090,579	19,523,567

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

RIYAD SMALL AND MEDIUM CAP FUND**Open-Ended Mutual Fund****(Managed by Riyadh Capital)****INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)****For the six-month period ended****(Amounts in Saudi Arabian Riyal)**

	Note	30 June 2022	30 June 2021
Cash flows from operating activities:			
Net income for the period		2,221,774	4,307,611
Adjustments for:			
Unrealized gain from investments carried at FVPL	9	(496,177)	(3,536,219)
		1,725,597	771,392
Net changes in operating assets and liabilities:			
Investments carried at FVPL		(5,679,309)	968,867
Dividend receivable		(82)	-
Management fee payable		(109,064)	9,817
Accrued expenses		(21,415)	(5,619)
Net cash (used in) / from operating activities		(4,084,273)	1,744,457
Cash flows from financing activities:			
Proceeds from issuance of units		9,478,642	1,663,258
Redemptions of the units		(4,807,518)	(3,426,625)
Net cash from / (used in) financing activities		4,671,124	(1,763,367)
Net changes in cash and cash equivalents		586,851	(18,910)
Cash and cash equivalents at beginning of the period		920,119	108,042
Cash and cash equivalents at end of the period		1,506,970	89,132

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

RIYAD SMALL AND MEDIUM CAP FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
Notes to the interim condensed financial information (Un-audited)
For the six-month period ended 30 June 2022

(All amounts in Saudi Arabian Riyal unless otherwise stated)

1 FUND AND ITS ACTIVITIES

The Riyadh Small and Medium Cap Fund (the “Fund”) is an equity fund managed through an agreement between Riyadh Capital (the “Fund Manager”) and the investors in the Fund (the “Unitholders”). The Fund aims to achieve long-term capital growth through investing primarily in equities of small and medium sized Saudi companies and also in equities of small and medium sized Gulf companies within the criteria set by Shariah Committee of Riyadh Capital.

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

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.

Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter number 291/5 dated 23 Muharram 1430H (corresponding to 20 January 2009). The Fund commenced its operations on 30 December 2009.

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) as amended by resolution of the CMA Board 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

This interim financial information has been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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 2021. The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

3.2 Basis of measurement

This interim condensed financial information has 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 condensed statement of financial position in the order of liquidity.

3.3 Functional and Presentation Currency

Items included in the interim condensed financial information are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). This interim condensed financial information is presented in Saudi Arabian Riyal (“SAR”) which is the Fund’s functional and presentation currency.

Transactions and balances

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

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3 BASIS OF PREPARATION (CONTINUED)

3.4 Critical accounting judgments, estimates and assumption

The preparation of the interim condensed financial information 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.

There are no significant estimates or judgements involved in the preparation of financial information that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period. The Fund based its assumptions and estimates on parameters available when the interim condensed financial information was 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 this interim condensed financial information is consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2021. Certain new standards, amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed financial information 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 information. In the opinion of the Fund's Board, these will have no significant impact on the interim condensed financial information of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

New standards, interpretations and amendments adopted by the Fund

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Fund's interim condensed financial information.

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The listing of standards and interpretations issued, which the Fund reasonably expects to be applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective.

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	Disclosure of Accounting Policies	1 January 2023
IFRS 17, 'Insurance contracts'	New Insurance standard	1 January 2023
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

5 MANAGEMENT FEE, AND OTHER CHARGES

On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 1.5% (2021: 1.5%) per annum of the Fund's net assets value. In addition, on a daily basis the Fund Manager charges the Fund, custody and administration fees each at the rate of 0.035% (2021: 0.035%) and 0.20% (2021: 0.20%) per annum of the Fund's net asset value respectively.

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 0.20% (2021: 0.20%) per annum of the Fund's net assets value.

6 CASH AND CASH EQUIVALENTS

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
Cash in investment account	6.1	1,506,970	920,119
		1,506,970	920,119

6.1 Cash in investment account is held in an investment account with HSBC Saudi Arabia. The Fund does not earn profit on these investment accounts.

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7 INVESTMENTS CARRIED AT FVPL

The Fund invests primarily in equity of listed Saudi and GCC companies. The sector-wise portfolio of investments carried at FVPL is summarized as follows:

	30 June 2022	31 December
	(Un-audited)	2021
		(Audited)
Banks	5,444,978	4,222,988
Materials	5,357,327	7,645,906
Health care equipment and services	3,372,454	667,218
Real estate management and development	2,830,417	862,462
Software and services	2,348,935	340,454
Utilities	1,360,736	418,320
Food and staples retailing	1,080,179	134,600
Transportation	1,035,952	940,729
Food and beverages	917,629	202,627
Retailing	885,489	1,772,555
Telecommunication services	880,985	936,649
Consumer services	665,612	421,394
Energy	440,284	681,093
Capital goods	-	523,485
Media and entertainment	-	365,433
Insurance	-	309,578
Total market value	26,620,977	20,445,491
Total cost	26,124,800	17,641,785

The effect on the equity (as a result of the change in the fair value of investments as at 30 June 2022 (Un-audited) and 31 December 2021 (Audited) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	30-Jun-22		31-Dec-21	
	(Un-audited)		(Audited)	
	Potential reasonable change %	Effect on Equity	Potential reasonable change %	Effect on Equity
Banks	1%	54,450	1%	42,230
Materials	1%	53,573	1%	76,459
Health care equipment and services	1%	33,725	1%	6,672
Real estate management and development	1%	28,304	1%	8,625
Software and services	1%	23,489	1%	3,405
Utilities	1%	13,607	1%	4,183
Food and staples retailing	1%	10,802	1%	1,346
Transportation	1%	10,360	1%	9,407
Food and beverages	1%	9,176	1%	2,026
Retailing	1%	8,855	1%	17,726
Telecommunication services	1%	8,810	1%	9,366
Consumer services	1%	6,656	1%	4,214
Energy	1%	4,403	1%	6,811
Capital goods	1%	-	1%	5,235
Media and entertainment	1%	-	1%	3,654
Insurance	1%	-	1%	3,096

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8 UNIT TRANSACTIONS

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

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period / year	670,452.49	716,494.24
Units issued during the period / year	257,093.12	179,256.52
Units redeemed during the period / year	(129,146.19)	(225,298.27)
Net change in units	127,946.93	(46,041.75)
Units at the end of the period / year	798,399.42	670,452.49

9 NET GAIN FROM INVESTMENTS CARRIED AT FVPL

	30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
Realized gain from sale of investments carried at FVPL	1,784,348	761,658
Unrealized gain from revaluation of investments carried at FVPL	496,177	3,536,219
	2,280,525	4,297,877

10 OTHER EXPENSES

	30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
VAT expense	51,449	29,960
Other expenses	37,931	13,651
	89,380	43,611

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Fund include “Riyad Capital” being the Fund Manager, “Riyad Bank” being the shareholder of Riyadh 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.

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 2022 (Un-audited)	30 June 2021 (Un-audited)	30 June 2022 (Un-audited)	31 December 2021 (Audited)
Riyad Capital	Fund management fee	(327,355)	(189,810)	(20,008)	(129,072)
	Accrued VAT*	(51,449)	(29,960)	(5,022)	(19,361)

*Accrued VAT to related party is included in the interim condensed statement of financial position under accrued expenses.

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12 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 was 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 value less impairment provision of financial instruments carried at amortized cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

- 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.

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

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 1.

13 SUBSEQUENT EVENTS

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

14 LAST VALUATION DAY

The last valuation day for the purposes of preparation of this interim condensed financial information is 30 June 2022 (31 December 2021).

15 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

This interim condensed financial information was approved and authorized for issue by the Fund's Board on 10 August 2022 (corresponding to 12 Muharram 1444H).