

RIYAD USD TRADE FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)
Interim condensed financial information (Un-audited)
For the six-month period ended 30 June 2022
Together with the
Independent Auditor's Review Report to the Unitholders

RIYAD USD TRADE FUND
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Interim Condensed Financial Information (Un-audited)
For the six-month 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 USD Trade Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Riyadh USD Trade 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 these 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 these 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 are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Bader A. Benmohareb
License Number 471

15 August 2022



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(All amounts in USD Dollars unless otherwise stated)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts in USD Dollars unless otherwise stated)

	Note	As at 30 June 2022 (Un-audited)	As at 31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	6.1, 12	758,552	2,311,435
Investments carried at amortized cost	7	17,728,357	29,073,295
Investments carried at fair value through profit or loss (FVPL)	8	3,107,029	6,425,542
Total assets		21,593,938	37,810,272
LIABILITIES			
Management fees payable	12	778	43,851
Accrued expenses		4,150	12,958
Total liabilities		4,928	56,809
Equity attributable to the Unitholders		21,589,010	37,753,463
Units in issue (number)	9	3,597,133.77	6,315,214.34
Equity attributable to each unit		6.00	5.98

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
(All amounts in USD Dollars unless otherwise stated)

		For the six-month period ended	
	Note	30 June 2022	30 June 2021
<u>Income</u>			
Net gain from investments carried at FVPL	10	29,316	62,111
Special commission income		152,195	215,056
Total income		181,511	277,167
<u>Expenses</u>			
Fund management fees	12	(63,295)	(126,928)
Other expenses	11	(13,526)	(23,099)
Total expenses		(76,821)	(150,027)
Net income for the period		104,690	127,140
Other comprehensive income for the period		-	-
Total comprehensive income for the period		104,690	127,140

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INTERIM CONDENSED STATEMENT OF EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)
(All amounts in USD Dollars unless otherwise stated)

	For the six-month period ended	
	30 June 2022	30 June 2021
Equity attributable to the Unit Holders at the beginning of the period	37,753,463	55,114,647
Total comprehensive income for the period	104,690	127,140
Contributions and redemptions by the Unitholders		
Issuance of units	3,710,170	34,647,760
Redemption of units	(19,979,313)	(27,615,130)
Net changes from unit transactions	(16,269,143)	7,032,630
Equity attributable to the Unit Holders at the end of the period	21,589,010	62,274,417

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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)
(All amounts in USD Dollars unless otherwise stated)

		For the six-month period ended	
	Note	30 June 2022	30 June 2021
Cash flows from operating activities:			
Net income for the period		104,690	127,140
Adjustments for:			
Unrealized loss / (gain) from investments carried at FVPL	10	44,761	(10,338)
		149,451	116,802
Net changes in operating assets and liabilities:			
Investments carried at amortized cost		14,344,938	(11,845,413)
Investments carried at FVPL		3,273,752	(3,051,773)
Management fees payable		(43,073)	18,689
Accrued expenses		(8,808)	914
Net cash generated from / (used in) operating activities		17,716,260	(14,760,781)
Cash flows from financing activities:			
Proceeds from issuance of units		3,710,170	34,647,760
Redemptions of the units		(19,979,313)	(27,615,130)
Net cash (used in) / from financing activities		(16,269,143)	7,032,630
Net changes in cash and cash equivalents		1,447,117	(7,728,151)
Cash and cash equivalents at beginning of the period		7,311,435	13,223,359
Cash and cash equivalents at end of the period	6	8,758,552	5,495,208

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1 FUND AND ITS ACTIVITIES

The Riyad USD Trade Fund (the “Fund”) is a money market 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 maximum possible preservation of capital and realize a reasonable return thereon through participation in money market investments denominated in US Dollars that do not contradict with the principles of 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.

The Fund commenced its activities 3 October 1990, where the terms and conditions of the Fund were originally approved by the Saudi Central Bank (SAMA). On 20 December 2008, the terms and conditions of the fund were approved by the Capital Markets Authority (CMA) through their letter dated 12 Dhul Hijja 1429H (corresponding to 20 December 2008).

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 information 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 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

These interim condensed financial information 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 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”). These interim condensed financial information are presented in USD which is the Fund’s functional and presentation currency.

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.

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3 BASIS OF PREPARATION (CONTINUED)

3.4 Critical accounting judgments, estimates and assumption (continued)

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 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

In preparing the interim condensed financial information, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund Manager either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial information are 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. The management believe that these 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 January 1, 2022. The management has assessed that the amendments have no significant impact on the Fund's interim condensed financial information.

- Amendments to IAS 37 - 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making;
- Amendments to IAS 16 - 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income;
- Amendments to IFRS 3 - 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases.

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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	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

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 USD 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

	Note	As at 30 June 2022 (Un-audited)	As at 31 December 2021 (Audited)
Cash in investment accounts	6.1, 12	758,552	2,311,435
Time deposits having maturity of three month or less from the date of acquisition	7.1	8,000,000	5,000,000
Cash and cash equivalent in the statement of cash flow		8,758,552	7,311,435

6.1 Cash in investment accounts is held in an investment account with Riyad Capital. The Fund does not earn profit on these investment accounts.

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7 INVESTMENTS CARRIED AT AMORTIZED COST

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

		As at 30 June 2022 (Un-audited)	As at 31 December 2021 (Audited)
	Note		
Investments in Murabaha placements	7.1	17,665,920	29,000,000
Accrued special commission income	7.2	62,437	73,295
Total		17,728,357	29,073,295

7.1 These placements also include placements with original maturity of 3 months or less amounting to USD 8 million (2021: USD 5 million) (Also see note 6).

7.2 The rate of special commission income for above investment carried at amortized cost ranges from 1.05% per annum to 1.71% per annum (2021: 0.70% per annum to 1.2% per annum).

8 INVESTMENTS CARRIED AT FVPL

The investments represent the units of open-ended mutual funds managed and administered by the Fund Manager. is summarized as follows:

	As at 30 June 2022 (Un-audited)	As at 31 December 2021 (Audited)
Mutual Fund:		
Riyad USD Diversified Trade Fund	3,107,029	6,425,542
Total market value	3,107,029	6,425,542
Total cost	3,151,790	6,541,476

9 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	6,315,214.34	9,260,514.35
Units issued during the period / year	620,161.28	5,953,720.16
Units redeemed during the period / year	(3,338,241.85)	(8,899,020.15)
Net change in units	(2,718,080.57)	(2,945,300.01)
Units at the end of the period / year	3,597,133.77	6,315,214.34

10 NET GAIN FROM INVESTMENTS CARRIED AT FVPL

	For the six-month period ended	
	30 June 2022	30 June 2021
Realized gain from sale of investments carried at FVPL	74,077	51,773
Unrealized (loss)/gain from revaluation of investments carried at FVPL	(44,761)	10,338
	29,316	62,111

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11 OTHER EXPENSES

	Note	For the six-month period ended	
		30 June 2022	30 June 2021
VAT expense	12	9,890	19,435
Other		3,636	3,664
		13,526	23,099

12 TRANSACTIONS 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	Relationship	Nature of transactions	Amount of transaction during the period		Closing balance (payable) / receivable	
			30 June 2022	30 June 2021	30 June 2022 (Un-audited)	31 December 2021 (Audited)
Riyad Capital	Fund Manager	Fund management fee	(63,295)	(126,928)	(778)	(43,851)
		Accrued VAT*	(9,890)	(19,435)	(513)	(6,578)
		Cash in investment accounts	-	-	758,552	2,311,435

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

13 FINANCIAL INSTRUMENTS BY CATEGORY

Aa at 30 June 2022 (Un-audited)	Amortized cost	FVPL
Assets as per interim condensed statement of financial position		
Cash and cash equivalents	758,552	-
Investment carried at amortized cost	17,728,357	-
Investment carried at FVPL	-	3,107,029
Total	18,486,909	3,107,029
As at 31 December 2021 (Audited)		
Assets as per statement of financial position		
Cash and cash equivalents	2,311,435	-
Investments carried at amortized cost	29,073,295	-
Investments carried at FVPL	-	6,425,542
Total	31,384,730	6,425,542

All financial liabilities as at 30 June 2022 (Un-audited) and 31 December 2021 (Audited) were classified as financial liabilities measured at amortized cost.

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14 FINANCIAL RISK MANAGEMENT

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.

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 2.

The Fund financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investment carried at FVPL	Net Asset Value	N/A	N/A

Valuation technique for calculating the fair value of investments under Level 2 comprises of determining the net asset value per unit of the funds which is based on observable market data.

All financial liabilities as at 30 June 2022 (Un-audited) and 31 December 2021 (Audited) were classified as financial liabilities measured at amortized cost. Fund classifies its financial assets and financial liabilities that are measured at amortized cost as fair value at level 3.

15 SUBSEQUENT EVENTS

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

16 LAST VALUATION DAY

The last valuation day for the period was 30 June 2022.

17 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

These interim condensed financial information were approved by the Fund's Board of Directors on 10 August 2022.