

RIYAD AMERICAN EQUITY FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
Interim condensed financial information
For the six-month period ended 30 June 2023
Together with the
Independent Auditor's Review Report to the Unitholders
and the Fund Manager

RIYAD AMERICAN EQUITY FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)

Interim Condensed Financial Information
For the period ended 30 June 2023

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Report on review of Interim Condensed Financial Information

To the Unitholders and the Fund Manager of Riyadh American Equity Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Riyadh American Equity Fund (the "Fund") as of 30 June 2023 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. The 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

Khalid A. Mahdhar
License Number 368

8 August 2023
(21 Muharram 1445H)



RIYAD AMERICAN EQUITY FUND
Open-Ended Mutual Fund
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(All Amounts in US Dollars unless otherwise stated)

	Note	As at 30 June 2023 (Un-audited)	As at 31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	6	111,660	133,333
Investments carried at fair value through profit or loss (FVPL)	7	3,892,467	3,372,418
Total assets		4,004,127	3,505,751
LIABILITIES			
Management fees payable	11	32,307	810
Other accrued expenses		14,611	11,060
Redemptions payable		67,165	-
Total liabilities		114,083	11,870
Equity attributable to the Unit holders		3,890,044	3,493,881
Units in issue (number)	8	31,272.04	32,191.24
Equity attributable to each unit		124.39	108.54

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

RIYAD AMERICAN EQUITY FUND
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(All Amounts in US Dollars unless otherwise stated)

	Note	For the six-month period ended	
		30 June 2023	30 June 2022
Income			
Net gain/ (loss) from investments carried at FVPL	9	552,816	(570,093)
Total income / (loss)		552,816	(570,093)
Expenses			
Management fees	11	(31,496)	(38,739)
Other expenses	10	(13,315)	(9,842)
Total expenses		(44,811)	(48,581)
Net income / (loss) for the period		508,005	(618,674)
Other comprehensive income for the period		-	-
Total comprehensive income/(loss) for the period		508,005	(618,674)

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

RIYAD AMERICAN EQUITY FUND
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

(All Amounts in US Dollars unless otherwise stated)

	For the six-month period ended	
	30 June 2023	30 June 2022
Equity attributable to the Unit holders at the beginning of the period (Audited)	3,493,881	5,011,734
Total comprehensive income / (loss) for the period	508,005	(618,674)
Subscriptions and redemptions by the unitholders		
Issuance of units	305,483	898,674
Redemption of units	(417,325)	(1,684,660)
Net change from unit transactions	(111,842)	(785,986)
Equity attributable to the Unit holders at the end of the period (Un-audited)	3,890,044	3,607,074

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RIYAD AMERICAN EQUITY FUND
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

(All Amounts in US Dollars unless otherwise stated)

	Note	For the six-month period ended	
		30 June 2023	30 June 2022
Cash flows from operating activities:			
Net income / (loss) for the period		508,005	(618,674)
Adjustments for:			
Unrealized (gain) / loss on investments carried at FVPL	9	(477,466)	502,819
		<u>30,539</u>	<u>(115,855)</u>
Net changes in operating assets and liabilities:			
Investments carried at FVPL		(42,583)	717,801
Management fees payable		31,497	10,214
Other accrued expenses		3,551	(412)
Outstanding settlements		-	22,758
Net cash generated from operating activities		<u>23,004</u>	<u>634,506</u>
Cash flows from financing activities:			
Proceeds from issuance of units		305,483	898,674
Redemptions of the units		(350,160)	(1,494,371)
Net cash used in financing activities		<u>(44,677)</u>	<u>(595,697)</u>
Net change in cash and cash equivalents		(21,673)	38,809
Cash and cash equivalents at beginning of the period		133,333	153,457
Cash and cash equivalents at end of the period		<u>111,660</u>	<u>192,266</u>
*Supplementary Information			
Payable to unitholders on account of redemption		<u>67,165</u>	<u>190,289</u>

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

RIYAD AMERICAN EQUITY FUND
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Notes to the interim condensed financial information
For the six-month period ended 30 June 2023
(All Amounts in US Dollars unless otherwise stated)

1. FUND AND ITS ACTIVITIES

The Riyad American Equity Fund (the “Fund”) is an Equity Fund Portfolio managed through an agreement between Riyad Capital (the “Fund Manager”) and the Fund’s investors (the “Unit Holders”). The objective of the Fund is to invest in a diversified portfolio of US companies and to provide long term capital growth through investing in the US securities managed by the Fidelity International, the Fund Sub Manager.

In dealing with the Unit Holders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund’s Management prepares a separate financial statement for the Fund.

The Fund Manager is responsible to manage the Fund. 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. Accordingly, pursuant to an agreement, dated 3 December 2002, Fidelity International acts as the Sub Fund Manager of the Fund.

The Fund commenced its activities 26 May 1992, 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

This interim condensed financial information of the Fund 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 2022. The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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. All balances are classified as current. The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

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 US Dollars (“USD”) which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into USD using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into USD using the exchange rates prevailing at date of the interim 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 statements, 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.

3.5 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 Fund Manager 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 are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2022. Certain new standards, amendments and interpretations apply for the first time in 2023, 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 Manager, these will have no significant impact on the interim condensed financial information of the Fund. The Fund intends to adopt those amendments and interpretations when they become 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, 2023. The Fund Manager has assessed that the amendments have no significant impact on the Fund's interim condensed financial information.

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard, interpretation, amendments	Description	Effective date
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changed the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after 1 January 2023.

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

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing change to this amendment.</p>	Deferred until accounting periods starting not earlier than January 1, 2024
Amendment to IFRS 16 – Leases on sale and leaseback	New requirements for sale and leaseback transactions in IFRS 16 to explain how entity accounts for a sale and leaseback after the date of transaction.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	Disclosure to enhance the transparency of supplier finance arrangement and their effects on a company's liabilities, cash flow and exposure to liquidity risk.	1 January 2024 (with transitional reliefs in the first year).
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	Standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 (subject to endorsement by SOCPA)
IFRS S2, 'Climate-related disclosures'	Thematic standard issued to set out requirements for entities to disclose information about climate-related risk and opportunities.	1 January 2024 (subject to endorsement by SOCPA)

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5. MANAGEMENT FEE, AND OTHER CHARGES

On each valuation day, the Fund Manager charges the Fund a management and administration fee at the rate of 1.5% and 0.2% (2022: 1.5% and 0.2%) per annum of the fund's net assets value which is shown in the statement of income under management fee caption. Moreover, the Custodian charges the Fund custody fee at the rate of 0.005% (2022: 0.005%) per annum of the Fund's net assets value.

The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fees, legal fees and other similar charges. These charges are not expected to exceed in total 0.2% (2022: 0.2%) per annum of the Fund's net assets value.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

	Note	30 June 2023 (Un-audited)	31 December 2022 (Audited)
Cash in investment accounts	6.1, 11	30,988	25,446
Bank balance with custodian	6.1	80,672	107,887
		111,660	133,333

6.1 Cash in investment account is held in an investment account with Riyad Capital and a cash balance with the custodian. The Fund does not earn profit on these investment accounts.

7. INVESTMENTS CARRIED AT FVPL

The Fund invests primarily in equity securities of companies in United States of America (US). The investment portfolio carried at FVPL is summarized as follows:

	30 June 2023 (Un-audited)	31 December 2022 (Audited)
Investment in US securities managed by Sub - Fund Manager	3,892,467	3,372,418
Total fair value	3,892,467	3,372,418

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June 2023 (Un-audited) and 31 December 2022 (Audited) due to a reasonably possible change in equity indices with all other variables held constants is as follows:

	30 June 2023 (Un-audited)		31 December 2022 (Audited)	
	Potential reasonable change %	Effect on Equity	Potential reasonable change %	Effect on Equity
Investment in US securities managed by Sub - Fund Manager	1%	38,925	1%	33,724

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8. UNIT TRANSACTIONS

Transactions in units for the year are summarized as follows:

	30 June 2023 (Un-audited)	31 December 2022 (Audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period	32,191.24	40,436.78
Units issued during the period	2,644.52	13,099.59
Units redeemed during the period	(3,563.72)	(21,345.13)
Net change in units	(919.20)	(8,245.54)
Units at the end of the period	31,272.04	32,191.24

9. NET GAIN / (LOSS) FROM INVESTMENTS CARRIED AT FVPL

	For the six-month period ended	
	30 June 2023 (Un-audited)	30 June 2022 (Audited)
Realized gain / (loss) from sale of investments carried at FVPL	75,350	(67,274)
Unrealized gain / (loss) from revaluation of investments carried at FVPL	477,466	(502,819)
	552,816	(570,093)

10. OTHER EXPENSES

	For the six-month period ended	
	30 June 2023 (Un-audited)	30 June 2022 (Audited)
VAT expenses	5,358	6,206
Other	7,957	3,636
	13,315	9,842

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 Riyad Capital, other funds managed by the Fund Manager and Board of Directors.

In the ordinary course of its activities, the Fund transacts business with the related parties. The related parties’ transactions are in accordance with terms and conditions of the Fund.

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

Related Party	Relationship	Nature of transactions	Amount of transaction during the period		Closing balances receivable / (payable)	
			30 June 2023 (Un-audited)	30 June 2022 (Audited)	30 June 2023 (Un-audited)	31 December 2022 (Audited)
Riyad Capital	Fund Manager	Fund management fees	(31,496)	(38,739)	(32,307)	(810)
		Cash in Investment accounts	5,542	38,809	30,988	25,446

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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.

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value. Investment in mutual funds are classified as level 2. The following table gives information about how the fair values of investment in mutual funds 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	
		Level 1	Level 2	Level 3	Total
Investments carried at FVPL	Net Asset Value	N/A		N/A	
Fair value					
At 30 June 2023 (Un-audited)		Level 1	Level 2	Level 3	Total
<i>Financial assets not measured at fair value</i>					
Cash and cash equivalents		-	-	111,660	111,660
<i>Financial assets measured at fair value</i>					
Investments held at FVPL		-	3,892,467	-	3,892,467
		-	3,892,467	111,660	4,004,127
<i>Financial liabilities not measured at fair value</i>					
Management fees payable		-	-	32,307	32,307
Other accrued expenses		-	-	14,611	14,611
Redemptions payable		-	-	67,165	67,165
		-	-	114,083	114,083

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12. FAIR VALUE ESTIMATION (CONTINUED)

At 31 December 2022 (Audited)	Fair value			Total
	Level 1	Level 2	Level 3	
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	-	133,333	133,333
<i>Financial assets measured at fair value</i>				
Investments held at FVPL	-	3,372,418	-	3,372,418
	-	3,372,418	133,333	3,505,751
<i>Financial liabilities not measured at fair value</i>				
Management fees payable	-	-	810	810
Other accrued expenses	-	-	11,060	11,060
	-	-	11,870	11,870

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 2023 (31 December 2022).

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 6 August 2023 (corresponding to 19 Muharram 1445H).