



**The initial semi-annual report for the year 2021**

**Riyad International Bond Fund**

The report is available upon request without charge and is available on the Riyad Capital website and the Saudi Stock Exchange (Tadawul) website.

<https://www.riyadcapital.com/en/>

**1- Name & Address:**

Riyad Capital is a Saudi Closed Joint Stock Company with Paid Up Capital of SR 500,000,000 licensed by The Saudi Arabian Capital Market Authority (NO. 07070-37). Commercial Registration No. 1010239234 Head Office: Oasis Granada 2414 - Al Shohda Dist. Unit No. 69. Riyadh 13241 – 7279

Website: <http://www.riyadcapital.com>

**2- Name and address of the Sub-Manager:**

Fidelity Investments Luxembourg S.A.  
Kansallis House, Place de l'Etoile, BP2174, L – 1021 Luxembourg  
Tel +352250404  
FAX +352250340/343

**3- Investment activities during the period:**

To date, the Fund has invested exclusively with Fidelity Global (the Foreign Fund Manager). The following table summarizes the portfolio held for trading:

No. of Units	5,767,400.05
NAV per Unit	1.29
Total	7,439,946

**4- Report on the performance of the Investment Fund during the period:**

Benchmark	Fund Performance
-3.25%	-1.37%

**5- Any changes in terms & conditions and information note during the period:**

Change of custody to HSBC Saudi Arabia effected on 05 April 2021.

#### 6- Other Information:

- More information can be found on the fund page on the website, where periodic reports are published on the characteristics and performance of the fund that enable unit owners to make their decisions.

#### 7- The Fund's investments in other funds:

The Fund has no investments in other funds.

#### 8- Special Commission:

The Fund Manager did not receive any special commission during the period.



**RIYAD INTERNATIONAL BOND FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**  
**Interim Condensed Financial Statements (Un-audited)**  
**For the Six-months period ended 30 June 2021**

---

	PAGES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNIT HOLDERS	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF COMPREHENSIVE (LOSS) / INCOME	3
INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS	4
INTERIM STATEMENT OF CASH FLOWS	5
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	6 - 11



**RIYAD INTERNATIONAL BOND FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**

**INTERIM STATEMENT OF FINANCIAL POSITION**  
**As of 30 JUNE 2021**  
**(Amounts in US Dollars)**

	Note	<b>30 June 2021</b> <b>(Un-audited)</b>	31 December 2020 (Audited)
<b>ASSETS</b>			
Investments carried at fair value through profit or loss (FVPL)	6	<b>7,439,946</b>	9,103,534
<b>Total assets</b>		<b>7,439,946</b>	9,103,534
<b>LIABILITIES</b>			
Accrued expenses		<b>9,347</b>	13,242
<b>Total liabilities</b>		<b>9,347</b>	13,242
<b>Net assets (equity) attributable to the Unit Holders</b>		<b>7,430,599</b>	9,090,292
Units in issue (number)	7	<b>463,521.50</b>	556,440.49
<b>Net assets (equity) attributable to each unit</b>		<b>16.03</b>	16.34

**RIYAD INTERNATIONAL BOND FUND****Open-Ended Mutual Fund****(Managed by Riyadh Capital)****INTERIM STATEMENT OF COMPREHENSIVE (LOSS) / INCOME (UN-AUDITED)****For the six-months period ended 30 June 2021****(Amounts in US Dollars)**

	Note	<u>30 June 2021</u>	<u>30 June 2020</u>
<b><u>Investment income</u></b>			
Net (loss) / gain from investments carried at FVPL	8	<b>(264,819)</b>	355,159
Dividend income		<b>95,472</b>	-
		<b>(169,347)</b>	355,159
<b><u>Expenses</u></b>			
Other expenses	9	<b>(15,070)</b>	(9,380)
		<b>(15,070)</b>	(9,380)
<b>Net (loss) / income for the period</b>		<b>(184,417)</b>	345,779
Other comprehensive income for the period		-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(184,417)</b>	345,779



**RIYAD INTERNATIONAL BOND FUND****Open-Ended Mutual Fund****(Managed by Riyadh Capital)****INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS (UN-AUDITED)****For the six-months period ended 30 June 2021****(Amounts in US Dollars)**

	<u>30 June 2021</u>	<u>30 June 2020</u>
<b>Net assets (equity) attributable to the Unit Holders at the beginning of the period</b>	<b>9,090,292</b>	<b>6,554,033</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>(184,417)</b>	<b>345,779</b>
<b>Changes from unit transactions</b>		
Issuance of units	<b>715,950</b>	<b>1,150,365</b>
Redemption of units	<b>(2,191,226)</b>	<b>(1,316,727)</b>
<b>Net changes from unit transactions</b>	<b>(1,475,276)</b>	<b>(166,362)</b>
<b>Net assets (equity) attributable to the Unit Holders at the end of the period</b>	<b>7,430,599</b>	<b>6,733,450</b>

**RIYAD INTERNATIONAL BOND FUND****Open-Ended Mutual Fund****(Managed by Riyadh Capital)****INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)****For the six-months period ended 30 June 2021****(Amounts in US Dollars)**

	Note	<b>30 June 2021</b>	30 June 2020
<b>Cash flows from operating activities:</b>			
<b>Net (loss) / income for the period</b>		<b>(184,417)</b>	345,779
Adjustments for:			
Unrealized loss / (gain) from investments carried at FVPL	8	<b>201,841</b>	(336,970)
Dividend income		<b>(95,472)</b>	
		<b>(78,048)</b>	8,809
<b>Net changes in operating assets and liabilities:</b>			
Investments carried at FVPL		<b>1,461,747</b>	159,497
Accrued expenses		<b>(3,895)</b>	(1,944)
<b>Net cash from operating activities</b>		<b>1,379,804</b>	166,362
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of units		<b>715,950</b>	1,150,365
Dividend received		<b>95,472</b>	
Redemptions of the units		<b>(2,191,226)</b>	(1,316,727)
<b>Net cash used in financing activities</b>		<b>(1,379,804)</b>	(166,362)
<b>Net changes in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning the period		-	-
<b>Cash and cash equivalents at end of the period</b>		<b>-</b>	<b>-</b>

**RIYAD INTERNATIONAL BOND FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**  
**Notes to the interim condensed financial statements (Un-audited)**  
**For the six-month period ended 30 June 2021**

---

*(All amounts in US Dollars unless otherwise stated)*

## **1 FUND AND ITS ACTIVITIES**

The Riyadh International Bond Fund (the “Fund”) is a bond fund managed by Riyadh Capital (the “Fund Manager”) through an agreement with the Fund investors (the “Unitholders”). The Fund invests mainly in high quality government and high credit quality international bonds throughout the world. The Fund is flexible and diversified to avoid risks from investing in one market or one currency.

In dealing with the Unitholders, 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 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. Accordingly, pursuant to an agreement, dated 3 December 2002, Fidelity International acts as the Sub Fund Manager of the Fund and also acts as the sub-administrator and custodian of the Fund.

Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter number 87/MA/25 dated 3 Muharram 1412 H (corresponding to 14 July 1991). The Fund commenced its operations on 12 May 1992.

## **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 16 Shaban 1437H (corresponding to 23 May 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia.

## **3 BASIS OF PREPARATION**

### **3.1 Statement of compliance**

These interim condensed financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

### **3.2 Basis of measurement**

These interim condensed financial statements have been prepared under the historical cost convention, using accrual basis of accounting except for the investments carried at fair value through profit or loss which are carried at their fair value. The Fund presents its statement of financial position in the order of liquidity.

### **3.3 Functional and presentation currency**

Items included in the 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 Dollar (“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 the interim statement of financial position date. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive (loss) / income.

**RIYAD INTERNATIONAL BOND FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**  
**Notes to the interim condensed financial statements (Un-audited)**  
**For the six-month period ended 30 June 2021**

---

*(All amounts in US Dollars unless otherwise stated)*

**3 BASIS OF PREPARATION (CONTINUED)**

**3.4 Critical accounting judgments, estimates and assumption**

The preparation of the interim condensed financial statements 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the interim condensed financial statements 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**

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 these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2020. Certain new standards, amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed financial statements 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 statements. In the opinion of the Fund's Board, these will have no significant impact on the interim financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable

**5 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES**

On each valuation day, the sub fund manager charges the fund, a management fee at the rate of 1% per annum of the fund's net assets value. In addition, on daily basis the administrator and custodian charge the fund, custody and administration fees at the rate of 0.025% per annum and 0.20% per annum respectively of the fund's net assets value. The net assets value of the fund being sub-managed and reported by the sub-manager to the fund manager, is net of the above-mentioned management fees.

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.

**RIYAD INTERNATIONAL BOND FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**  
**Notes to the interim condensed financial statements (Un-audited)**  
**For the six-month period ended 30 June 2021**

*(All amounts in US Dollars unless otherwise stated)*

**6 INVESTMENTS CARRIED AT FVPL**

The Fund has invested exclusively with Fidelity International (Sub Manager). The portfolio of investments carried at FVPL is summarized as follows:

	<b>30 June 2021</b> <b>(Un-audited)</b>	31 December 2020 <b>(Audited)</b>
Number of units	<b>5,767,400.05</b>	6,849,912.77
Net Assets Value per unit	<b>1.29</b>	1.329
<b>Total market value</b>	<b>7,439,946</b>	9,103,534
<b>Total cost</b>	<b>7,641,787</b>	8,560,983

**7 UNIT TRANSACTIONS**

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

	<b>30 June 2021</b> <b>(Un-audited)</b>	31 December 2020 <b>(Audited)</b>
	<i>(Units in numbers)</i>	
<b>Units at the beginning of the period / year</b>	<b>556,440.49</b>	443,514.51
Units issued during the period / year	<b>44,923.19</b>	508,491.69
Units redeemed during the period / year	<b>(137,842.18)</b>	(395,565.71)
<b>Net change in units</b>	<b>(92,918.99)</b>	112,925.98
<b>Units at the end of the period / year</b>	<b>463,521.50</b>	556,440.49

**8 NET (LOSS) / GAIN FROM INVESTMENTS CARRIED AT FVPL**

	<b>30 June 2021</b> <b>(Un-audited)</b>	30 June 2020 <b>(Un-audited)</b>
Realized (loss) / gain from sale of investments carried at FVPL	<b>(62,978)</b>	18,189
Unrealized (loss) / gain from revaluation of investments carried at FVPL	<b>(201,841)</b>	336,970
	<b>(264,819)</b>	355,159

**9 OTHER EXPENSES**

	<b>30 June 2021</b> <b>(Un-audited)</b>	30 June 2020 <b>(Un-audited)</b>
Admin fee	<b>8,239</b>	6,288
Custody fee	<b>1,030</b>	786
VAT expense	<b>1,836</b>	399
Other expenses	<b>3,964</b>	1,907
	<b>15,070</b>	9,380

**RIYAD INTERNATIONAL BOND FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**  
**Notes to the interim condensed financial statements (Un-audited)**  
**For the six-month period ended 30 June 2021**

*(All amounts in US Dollars unless otherwise stated)*

**10 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Fund include “Riyad Capital” being the Fund Manager and Riyadh Bank (being the shareholder of Riyadh Capital), other funds managed by the Fund Manager and 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 year and the balances resulting from such transactions are as follows:

Related party	Nature of transactions	Amount of transaction during the period		Closing balance (payable)	
		30 June 2021 (Un-audited)	30 June 2020 (Un-audited)	30 June 2021 (Un-audited)	31 December 2020 (Audited)
Riyad Capital	Admin fee*	(8,239)	(6,288)	(3,931)	(4,575)
	Custody fee*	(1,030)	(786)	(491)	(1,212)
	VAT on Admin*	(1,236)	(314)	(590)	(686)
	VAT on Custody*	(155)	(39)	(74)	(182)

\* Admin fees payables, custody fees payables and the related VAT payables are included in the interim statement of financial position under accrued expenses.

**11 FINANCIAL INSTRUMENTS BY CATEGORY**

	30 June 2021 (Un-Audited)	31 December 2020 (Audited)
<b>Assets as per interim statement of financial position</b>		
Investments carried at FVPL	7,439,946	9,103,534
<b>Total</b>	<b>7,439,946</b>	<b>9,103,534</b>

All financial liabilities as at 30 June 2021(Un-audited) and 31 December 2020 (Audited) were classified as financial liabilities carried at amortized cost.

**12 FINANCIAL RISK MANAGEMENT**

**12.1 Financial risk factors**

The objective of the Fund is to safeguard the its ability to continue as a going concern so that it can continue to provide optimum returns to its Unit Holders and to ensure reasonable safety to the Unit Holders.

The Fund’s activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below

**RIYAD INTERNATIONAL BOND FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**  
**Notes to the interim condensed financial statements (Un-audited)**  
**For the six-month period ended 30 June 2021**

*(All amounts in US Dollars unless otherwise stated)*

**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.1 Financial risk factors (continued)**

**(a) Market risk**

*(i) Price risk*

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, Fund has equity investments in investee funds.

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June 2021 (Un-audited) and 31 December 2020 (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 June 2021 (Un-audited)		31 December 2020 (Audited)	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Investments in Fidelity	1%	74,399	1%	91,035

**(b) 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. As at the date of interim statement of financial position, the Fund does not have any significant financial assets that are subject to credit risk.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units from Monday to Wednesday, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the interim statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

The expected maturity of the assets and liabilities of the Fund is less than 12 months.

**(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Unit Holders.

**RIYAD INTERNATIONAL BOND FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Riyadh Capital)**  
**Notes to the interim condensed financial statements (Un-audited)**  
**For the six-month period ended 30 June 2021**

*(All amounts in US Dollars unless otherwise stated)*

**12 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**12.2 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 were 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 values of the Fund's financial instruments carried at amortized cost are assumed to approximate their fair values.

The Fund classifies its financial instruments in the following levels of fair value hierarchy:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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:

<b>Financial assets / financial liabilities</b>	<b>Valuation technique(s) and key input(s)</b>	<b>Significant unobservable input(s)</b>	<b>Relationship and sensitivity of unobservable inputs to fair value</b>
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.

**13 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation for the current period.

**14 SUBSEQUENT EVENTS**

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

**15 LAST VALUATION DAY**

The last valuation day of the year was 30 June 2021 (31 December 2020).

**16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were authorized for issue by the Fund's Board of Directors on 17 August 2021 (corresponding to 9 Muharram 1443H).