

# MEFIC Saudi Freestyle Equity Fund Semi Annual Report - 2019

التقرير النصف سنوي لصندوق ميفك المرن للأسهم السعودية - 2019



## Article 71(H)

### A Top Ten Holdings

Name of Stock	% Holding in the stock*
i Mouwasat Medical Services	11.55%
ii Al RAJHI BANK	10.37%
iii Bank AlJazira	9.38%
iv Herfy Foods	7.97%
v Leejam Sports Co	7.09%
vi United International Transportation Co	5.56%
vii Yanbu National Petrochemical Company	5.14%
viii Jarir Marketing Co	4.75%
ix Bupa Arabia for Cooperative Insurance	4.28%
x Saudi Arabia Fertilizers Co	3.93%

### F Standard Measure of Risk

i Standard Deviation – Fund	6.23%
ii Standard Deviation -Benchmark	13.61%

### B Fee Details

Name	% of Total NAV
i Management Fees with VAT	1.8%
ii Other Fees with VAT	0.5%
iii Total Expenses Ratio	2.38%

### C Profit Distribution

	Amount	%
C Profit Distribution	Nil	0.00%
D Dealing Expenses in the Fund	6,550.78	0.09%
E Fund Manager Investment in the Fund	-	0%
H Fund Borrowing %	Nil	0.00%

### G Fund & Index Performance (1H 2019)

	YTD	Benchmark	Alpha
	11.81%	12.45%	-0.64%

\*the top 10 stock holdings are as at Apr 01, 2019

The other information are based on Jun 30, 2019.

## Annex 5

i Name of the Fund	MEFIC Saudi Freestyle Equity FUND
ii Investment Objective	MEFIC Freestyle Saudi Equity Fund is an open-ended investment fund which aims to achieve capital growth over the long term through investing primarily in stocks of Shariah compliant companies that are listed on the Saudi Stock Exchange (Tadawul) and Parallel market (Nomu).
iii Policy & Procedure	Terms & Conditions Available on Tadawul Website
iv Distribution of Income & Gain Policy	No Distribution of Dividend
v Statement of Fund Report	<b>Fund Semi Annual Financial Report as of June 30, 2019 is available on Tadawul and MEFIC website and available on request to investors at free of charge.</b>

### B Fund Performance Table

	1 Year	3 Year	5 Year	Inception
Return	12.37%	NA	NA	30.58%

	2018	1H 2019
NAV	6,753,842	6,974,084
Unit Price	116.7793	130.5760
NAV High	119.3039	132.6125
NAV Low	99.9103	116.5626
Number of Units	57,834	53,410
Annual Return (YTD)	16.78%	11.81%
Expense Ratio	2.40%	2.38%
Income distribution	0.00%	0.00%
Annual Voting	No voting has been done	

### C Fund Fees and Expenses

	2018	1H 2019
Management Fee with VAT	121,646	68,863
Other Expense with VAT	34,756	19,675
Total Expense Ratio	2.40%	2.38%

# MEFIC Saudi Freestyle Equity Fund Semi Annual Report - 2019

التقرير النصف سنوي لصندوق ميفك المرن للأسهم السعودية - 2019



## D Fund Manager Information

Name & Address	MEFIC Capital, 7758 King Fahed Road Olaya Riyadh 12333
Investment Activities	MEFIC Capital is an Authorized Person regulated by CMA with License # 37-060209. MEFIC Capital's investment management business focuses on the management of public-listed funds, private placements, and real estate funds. MEFIC offers broad range of investment products to meet the varying investment needs and risk profiles of both institutional and retail investors. As at 30-Jun-2019, MEFIC had assets under management (AUM) of SAR 3.26bn.
Investment Fund Performance	MEFIC Saudi Freestyle Equity Fund yielded a YTD return of 11.81% as compared to benchmark Index of 12.45%, Alpha of -0.64%
Material Changes	<ul style="list-style-type: none"><li>• Custodian fees is changed to 0.08% in Article 7 in the T&amp;C, Article 5 in the Information Memorandum and Article 6B in the Summary.</li><li>• Audit fees is changed to 35,000 SAR, mentioned in Article 7 in the T&amp;C, Article 5 in the Information Memorandum, and Article 6B in the Summary.</li><li>• Indicator measurements fees is changed to 22,500 SAR in Article 7 in the T&amp;C, Article 5 in the Information Memorandum, Article 6B in the Summary.<ul style="list-style-type: none"><li>• Changing Ibrahim Alhedaithy Job title to CEO in Article 10 in the Information Memorandum.</li><li>• Adding MEFIC REIT and removing Local Equity MEFIC Fund from the Fund Board in Article 10 in the Information Memorandum.</li><li>• Adding 2017 Revenues and Profit in Article 12 in the Information Memorandum.</li></ul></li></ul> <ul style="list-style-type: none"><li>• Audit fees is changed to 30,000 SAR, mentioned in Article 7 in the T&amp;C, Article 5 in the Information Memorandum, and Article 6B in the Summary.</li></ul>

## E Custodian Information

Name & Address	Albilad Capital, King Fahd Branch Rd, Riyadh 12313.
Custodian Responsibilities	All necessary measures regarding custody and safe keeping of assets for unit holders.
Custodian Opinion	According to the agreement with the custodian, they are not required to provide a statement of opinion on the following: <ul style="list-style-type: none"><li>• issued, transferred and redeemed the units in accordance with the provisions of the Investment Funds Regulations and the fund's Terms and Conditions;</li><li>• valued and calculated the price of units in accordance with the provisions of the Investment Funds Regulations, the fund's Terms and Conditions and the information memorandum;</li><li>• breached any of the investment restrictions, limitations and borrowing powers applicable to the Investment fund Regulations.</li></ul>

## F Auditor Information

Name & Address	BDO Dr. Mohamed Al-Amri & Co. P.O. Box 8736, Riyadh 11492, Kingdom of Saudi Arabia
Auditor Opinion	Based on our(BDO Al-Amri) review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present fairly, in all material aspects, the condensed interim financial position of the Fund as at 30 June 2019 and of its financial performance and its cash flows for the six months period then ended in accordance with International Accounting Standard 34 ("IAS 34") - "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
**Annual (Fund Board of Directors) Report**  
**As of 30 Jun 2019**

**FUND OBJECTIVE**

The fund aims to achieve capital appreciation on the long term through investing in Shariah compliant listed companies in Saudi equity market.

**STOCK MARKET REVIEW – 1H19**

Saudi Stock Market performance during first half 2019 remained very robust with the market providing 12.7% return during the period. Key driving force behind the market in 1H19 remained the Saudi market inclusions in MSCI and FTSE indices. Record foreign buying spree has been witnessed during the period under review with Saudi Market Ownership by Foreign Investors clocking-in at ~4%. Major activity was observed in the blue chip names being part of the MSCI and FTSE baskets.

Market has already realized the first tranche of MSCI (28-May-19) and three tranches of FTSE (14-Mar-201, 30-Apr-2019, 20-Jun-2019) during the 1H19. Second tranche of MSCI is due on 28-Aug-2019 whereas remaining two tranches of FTSE will take place on 19-Sept-2019 and 19-Mar-2020, respectively.

Saudi Arabia once again made genuine effort to reduce supply glut in global oil market by extending the oil production cut agreement between OPEC and Non-OPEC countries for further nine months to March 2020.

**FUND PERFORMANCE TABLE (June-2019)**

<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>YTD</b>	<b>1Y</b>	<b>Since Inception</b>
Fund	2.66%	3.92%	11.81%	12.36%	30.58%
S&P Shariah Index	3.51%	0.31%	12.98%	6.99%	22.61%
TASI	3.58%	0.03%	12.71%	6.10%	22.08%
Fund Performance					
Information Ratio					
Beta					
Alpha	-0.85%	3.60%	-1.17%	5.37%	7.97%

## **FUND FINANCIAL STATEMENTS**

The audited financial statements for the fund have been prepared & uploaded on Tadawul Website, within the specified time frame, in compliance with the IFR.

## **BOARD MEETING DISCUSSION – KEY TAKEAWAYS**

- MEFIC Saudi Freestyle Equity Fund had no breaches since the last Fund Board Meeting.
- Reference to the CMA letter dated 28/04/2019, Fund Board discussed MEFIC Saudi Freestyle Fund Breach of Article 19 from IFR and the Corrective actions.
- Reference to the CMA letter dated 28/04/2019, Fund Board has discussed MEFIC Saudi Freestyle Fund Breach of Article 58 (a) from IFR and the Corrective actions.
- CMA inspection was discussed along with all the observations.
- Fund Board Members were informed with the last update in T&C, Information Memorandum and Summary.
- It is confirmed to the Fund Board, in accordance with the Article 13 of IFR, that the Fund has no conflict of interest.

## **APPROVALS**

- No major approval was considered.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by  
**MIDDLE EAST FINANCIAL INVESTMENT COMPANY**  
**UNAUDITED CONDENSED INTERIM FINANCIAL**  
**STATEMENTS FOR THE SIX MONTHS PERIOD ENDED**  
**30 JUNE 2019**  
together with the  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by Middle East Financial Investment Company  
**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
For the six months' period ended 30 June 2019

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Unitholders of  
**MEFIC Saudi Freestyle Equity Fund**  
Riyadh, Kingdom of Saudi Arabia

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **MEFIC Saudi Freestyle Equity Fund** ("the Fund") managed by Middle East Financial Investment Company (MEFIC) as at 30 June 2019 and the related condensed interim statements of comprehensive income, changes in net assets attributable to unit holders and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") - "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.

Our responsibility is to express a conclusion on these condensed interim 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", 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 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 condensed interim financial statements do not present fairly, in all material aspects, the condensed interim financial position of the Fund as at 30 June 2019 and of its financial performance and its cash flows for the six months period then ended in accordance with International Accounting Standard 34 ("IAS 34") - "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.

For **Dr. Mohamed Al-Amri & Co.**

Gihad M. Al-Amri  
Certified Public Accountant  
Registration No. 362



Riyadh, on: 18 Dhul Qa'adah 1440 (H)  
Corresponding to: 21 July 2019 (G)

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
 As at 30 June 2019  
 (Saudi Riyals)

	Notes	<b>30 June 2019 Unaudited</b>	31 December 2018 Audited
<b><u>ASSETS</u></b>			
Investments	7,9	<b>3,932,426</b>	4,274,746
Cash and cash equivalents	8	<b>3,052,782</b>	2,492,542
Dividend receivable		<b>2,440</b>	-
<b>Total assets</b>		<b><u>6,987,648</u></b>	<u>6,767,288</u>
<b><u>LIABILITIES</u></b>			
Management fee payable	11, 12	<b>10,047</b>	9,961
Other expenses payable	11, 12	<b>3,517</b>	3,486
<b>Total liabilities</b>		<b><u>13,564</u></b>	<u>13,447</u>
<b>Net assets attributable to unit holders</b>		<b><u>6,974,084</u></b>	<u>6,753,841</u>
<b>Units in issue - numbers</b>		<b><u>53,410</u></b>	<u>57,834</u>
<b>Net assets value - per unit</b>		<b><u>130.5764</u></b>	<u>116.7797</u>
<b>Contingencies and commitments</b>	10		

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



**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
 For the six month period ended 30 June 2019  
 (Saudi Riyals)

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	Notes	<u>2019</u>	<u>2018</u>
<b>INCOME</b>			
Dividend income		<b>127,615</b>	134,345
Net gain from financial assets at "FVTPL"	9	<b>830,602</b>	810,342
Other income		<b>28</b>	-
<b>Total income</b>		<u><b>958,245</b></u>	<u>944,687</u>
<b>EXPENSES</b>			
Management fee	11, 12	<b>65,584</b>	69,158
Other expenses	11, 12	<b>22,954</b>	19,758
Transaction cost		<b>6,663</b>	22,724
<b>Total operating expenses</b>		<u><b>95,201</b></u>	<u>111,640</u>
<b>Operating profit for the period</b>		<b>863,044</b>	833,047
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<u><b>863,044</b></u>	<u>833,047</u>

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

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE  
 TO UNIT HOLDERS (UNAUDITED)**  
 For the six month period ended 30 June 2019  
 (Saudi Riyals)

	<b>2019</b>	<b>2018</b>
<b>Net assets value at 1 January</b>	<b>6,753,841</b>	<b>-</b>
Total comprehensive income for the period	<b>863,044</b>	833,047
<b>Changes from unit transactions</b>		
Proceeds from units issued	<b>1,246,199</b>	16,264,899
Payments for units redeemed	<b>(1,889,000)</b>	(2,254,607)
<b>Net assets at 30 June</b>	<b>6,974,084</b>	14,843,339

**UNIT TRANSACTIONS**

Transactions in units are summarized as follows:

		<b>Numbers</b>
<b>Units at 1 January</b>	<b>57,834</b>	<b>-</b>
Units issued	<b>10,525</b>	147,540
Units redeemed	<b>(14,949)</b>	(19,800)
Net (decrease) / increase in units	<b>(4,424)</b>	127,740
<b>Units at 30 June</b>	<b>53,410</b>	127,740

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

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
 For the six month period ended 30 June 2019  
 (Saudi Riyals)

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	<b>863,044</b>	833,047
<i>Adjustment for:</i>		
Net gain from financial assets at FVTPL	<b>(830,602)</b>	(810,342)
<b>Changes in operating assets and liabilities:</b>		
Purchase of financial assets at FVTPL	<b>(1,851,132)</b>	(11,963,594)
Proceeds from disposal of financial assets at FVTPL	<b>3,024,054</b>	2,169,638
Dividend receivable	<b>(2,440)</b>	-
Management fee payable	<b>86</b>	21,612
Other expenses payable	<b>31</b>	7,564
<b>Net cash generated from / (used in) operating activities</b>	<b><u>1,203,041</u></b>	<b><u>(9,742,075)</u></b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from units issued	<b>1,246,199</b>	16,264,899
Payments for units redeemed	<b>(1,889,000)</b>	(2,254,607)
<b>Net cash (used in) / generated from financing activities</b>	<b><u>(642,801)</u></b>	<b><u>14,010,292</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>560,240</b>	4,268,217
Cash and cash equivalents at 1 January	<b>2,492,542</b>	-
<b>Cash and cash equivalents at 30 June</b>	<b><u><u>3,052,782</u></u></b>	<b><u><u>4,268,217</u></u></b>

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

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by Middle East Financial Investment Company  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 30 June 2019  
(Saudi Riyals)

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**1. THE FUND AND ITS ACTIVITIES**

MEFIC Saudi Freestyle Equity Fund (the “Fund”) is an open-ended investment fund established and managed through an agreement between Middle East Financial Investment Company (the “Fund Manager”) and the Fund Investors (the “Unit holders”).

The Fund aims to achieve capital growth over the long term through investing primarily in stocks of Shariah compliant companies that are listed on the main and parallel stock market of Saudi Arabia and included in Standard and Poor’s Shariah index.

The Fund commenced its operations on 14 Rabi’ al-Thani 1439H (corresponding to 1 January 2018G). The approval from Capital Market Authority (“CMA”) for the establishment of the Fund was granted in its letter number 17/3403/5/3 dated 18 Ramadan 1438H (corresponding to 13 June 2017G).

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.

**2. REGULATORY FRAMEWORK**

The Fund is governed by the Investment Funds Regulations (“the Regulations”) issued by CMA as amended up to 16 Sha’ban 1437 H (corresponding to 23 May 2016 G) detailing requirements for investment funds operating in the Kingdom of Saudi Arabia.

**3. SUBSCRIPTION / REDEMPTION (DEALING DAY AND VALUATION DAY)**

Subscription / redemption requests are accepted on all days on which the Saudi Stock Market is open.

The value of the Fund’s portfolio is determined twice a week on Monday and Thursday (each being a “Valuation Day”). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the net value of assets (fair value of the Fund’s assets minus fund’s liabilities) by the total number of outstanding fund units on the relevant valuation day.

**4. BASIS OF PREPARATION**

**4.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (“SOCPA”) and the requirements of the Investment Funds Regulations as published by CMA and the Fund’s terms and conditions, so far as they relate to the preparation and presentation of the financial statements.

This condensed interim financial information is unaudited. The disclosures made in this condensed interim financial information have been limited in accordance with the requirements of “International Accounting Standard - 34 “Interim Financial Reporting” . This does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 31 December 2018.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended 31 December 2018, whereas the comparative condensed interim statement of comprehensive income, condensed interim statement of changes in net assets attributable to unit holders, and condensed interim statement of cash flows are extracted from the unaudited condensed interim financial information of the Fund for the six months period ended 30 June 2018.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
 For the six months period ended 30 June 2019  
 (Saudi Riyals)

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**BASIS OF PREPARATION (CONTINUED)**

**4.2 Basis of measurement and going concern assumption**

These financial statements have been prepared under the historical cost convention, using the accrual basis of accounting and the going concern concept.

**4.3 Functional and presentation currency**

These financial statements have been presented in Saudi Riyals (SR), which is the functional currency of the Fund. All financial information has been rounded to the nearest Saudi Riyal.

**5. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Fund for the year ended 31 December 2018.

The Fund has adopted all the new standards and amendments to existing standards, including any consequential amendments to other standards which are applicable for the financial year beginning on or after 1 January 2019. The adoption of these new and amended standards do not have any material effect on this condensed interim financial information.

**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements of the Fund for the year ended 31 December 2018.

**7. INVESTMENTS**

	Notes	<u>30 June 2019</u>	<u>31 December 2018</u>
<b>Financial assets - at fair value through profit or loss</b>			
Listed equity securities	(a)	<u>3,932,426</u>	<u>4,274,746</u>
Movement in the equity securities during the year is as follows:			
Opening balance		4,274,746	-
Purchased during the year		1,851,132	16,316,515
Sold during the year		(3,024,054)	(12,820,401)
Realized gain on disposal of investments at FVTPL		260,883	497,325
Unrealized gain on investments at FVTPL		<u>569,719</u>	<u>281,307</u>
Closing balance	(b)	<u>3,932,426</u>	<u>4,274,746</u>

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
 For the six months period ended 30 June 2019  
 (Saudi Riyals)

**INVESTMENTS (CONTINUED)**

a) The classification of investments at FVTPL into industry groups specified by Saudi Stock Exchange is as follows:

<u>Industry group</u>	<u>Cost</u>	<u>Market value</u> <u>30 June 2019</u>	<u>Unrealized gain / (loss)</u>
Banks	827,853	974,539	146,686
Insurance	288,927	347,426	58,499
Materials	140,494	141,277	783
Health Care Equipment and Service	810,819	906,930	96,111
Food and Beverages	134,932	140,300	5,368
Retailing	146,376	161,014	14,638
Transportation	320,240	395,371	75,131
Consumer services	693,066	865,569	172,503
	<u>3,362,707</u>	<u>3,932,426</u>	<u>569,719</u>

<u>Industry group</u>	<u>Cost</u>	<u>Market value</u> <u>31 December 2018</u>	<u>Unrealized gain / (loss)</u>
Banks	1,154,838	1,225,504	70,666
Insurance	260,229	328,293	68,064
Materials	247,116	300,305	53,189
Health Care Equipment and Service	835,302	806,208	(29,094)
Retailing	303,927	364,952	61,025
Transportation	310,782	306,898	(3,884)
Consumer services	881,244	942,586	61,342
	<u>3,993,438</u>	<u>4,274,746</u>	<u>281,308</u>

**8. CASH AND CASH EQUIVALENTS**

	<u>As at</u>	
	<u>30 June 2019</u>	<u>31 December 2018</u>
Cash at bank	-	-
Cash held with custodian	3,052,782	2,492,542
	<u>3,052,782</u>	<u>2,492,542</u>

**9. NET GAIN FROM FINANCIAL ASSETS AT FVTPL**

	<u>For the period ended</u>	
	<u>30 June 2019</u>	<u>30 June 2018</u>
Unrealized gain / (loss), net	569,719	254,185
Realized gain, net	260,883	556,157
	<u>830,602</u>	<u>810,342</u>

**10. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at the reporting date.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
 For the six months period ended 30 June 2019  
 (Saudi Riyals)

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**11. MANAGEMENT FEE AND OTHER CHARGES**

The Fund Manager charges the following fee as per the terms and conditions of the Fund:

**Subscription fee**

The Fund Manager charges each investor a subscription fee of a percentage not exceeding 2% of the subscribed amount to cover administration costs and is netted off against proceeds from issuance of units.

**Management fee**

Management fee at the rate of 1.75% per annum of the net assets value of the Fund at each valuation day and is payable monthly.

**Other expenses**

Other expenses at the rate of 0.5% per annum of the net assets value of the Fund at each valuation day and is payable monthly.

**12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

In the ordinary course of its activities, the Fund transacts business with its related parties. Related parties of the Fund include the Unit holders, the Fund Manager and other funds managed by the Fund manager. Related party transactions are in accordance with the terms and conditions of the Fund. All transactions with related parties are carried out based on mutually agreed prices under formal agreement.

The transactions for the period are as follows:

<b>Related Party</b>	<b>Nature of transaction</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Middle East Financial Investment Company (the "Fund Manager")	Management fee	<b>65,584</b>	65,865
	Other expenses	<b>22,954</b>	18,819
MEFIC IPO Fund	Subscription of units	-	830,000
	Redemptions of units	-	796,736

Related party balances as at reporting date are as follows:

<b>Related party</b>	<b>Nature of transaction</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Middle East Financial Investment Company (the "Fund Manager")	Management fee	<b>10,047</b>	9,961
	Other expenses	<b>3,517</b>	3,486

**13. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

This condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Fund's audited annual financial statements for the year ended 31 December 2018.

There have been no significant changes in the risk management policies since the year end.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by Middle East Financial Investment Company  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 30 June 2019  
(Saudi Riyals)

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**14. LAST VALUATION DATE**

The last valuation date of the period was 30 June 2019 (2018: 31 December 2018).

**15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved by the Fund's Board on 18 Dhul Qa'adah 1440H corresponding to 21 July 2019G.