

# MEFIC Saudi Freestyle Equity Fund Semi Annual Report - 2020

التقرير النصف سنوي لصندوق ميفيك المرن للأسهم السعودية - 2020



## Article 71(H)

### A Top Ten Holdings

Name of Stock	% Holding in the stock*
i Sulaiman Al Habib Medical Services Group	8.95%
ii Al RAJHI BANK	6.64%
iii Mouwasat Medical Services	6.64%
iv Bupa Arabia for Cooperative Insurance	5.39%
v Herfy Foods	4.92%
vi AL Hammadi Company For Development	4.48%
vii United International Transportation Co	4.47%
viii Jarir Marketing Co	4.09%
ix Yanbu Cement Co	3.88%
x Aldrees Petroleum Transport Services Co	3.67%

### F Standard Measure of Risk

i Standard Deviation – Fund	26.74%
ii Standard Deviation -Benchmark	38.09%

\*the top 10 stock holdings are as at Apr 01, 2020  
The other information are based on June 30, 2020.

### B Fee Details

Name	% of Total NAV
i Management Fees with VAT	1.9%
ii Other Fees with VAT	0.5%
iii Total Expenses Ratio	2.4%

### C Profit Distribution

	Amount	%
D Dealing Expenses in the Fund	5,507.85	0.11%
E Fund Manager Investment in the Fund	-	0%
H Fund Borrowing %	Nil	0.00%

### G Fund & Index Performance (2020)

	YTD	Benchmark	Alpha
	-6.45%	-8.46%	2.02%

## 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	Fund Semi Annual Financial Report as of June 30, 2020 is available on Tadawul and MEFIC website and available on request to investors at free of charge.

### B Fund Performance Table

	1 Year	3 Year	5 Year	Inception
Return	0.86%	NA	NA	26.91%

	2018	2019	2020
NAV	6,753,842	7,251,431	5,794,897
Unit Price	116.7793	135.6508	126.9063
NAV High	119.3039	135.8615	137.8200
NAV Low	99.9103	116.5626	103.6977
Number of Units	57,634	53,457	45,063
Annual Return (YTD)	16.78%	16.16%	-6.45%
Expense Ratio	2.41%	2.40%	2.38%
Income distribution	0.00%	0.00%	0.00%
Annual Voting	No voting has been done		

### C Fund Fees and Expenses

	2018	2019	2020
Management Fee with VAT	121,646	133,458	47,394
Other Expense with VAT	34,756	38,131	13,541
Total Expense Ratio	2.41%	2.40%	2.38%

### 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-2020, MEFIC had assets under management (AUM) of SAR 5.81 M.
Investment Fund Performance	MEFIC Saudi Freestyle Equity Fund yielded a YTD return of -6.45% as compared to benchmark Index of -8.46%, Alpha of 2.02%
Material Changes	Article 10 point (b) and (f) Fund Board of directors: by cancelling Mrs. Kholud AlGhati (non-independent member) in fund Memorandum

### 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 interim condensed financial statements are not prepared in all material respects, in accordance with accounting policies disclosed in note 5.

## **MEFIC SAUDI FREESTYLE EQUITY FUND**

### **Annual Performance Report**

**As of 30 Jun 2020**

### **Fund Board of Directors**

#### **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 – 1H 2020**

The 1st Half 2020 Tadawul All Share Index (TASI) closed at 7,224.09 points, decreased by 1,597.67 points 18.11% over the same period of the previous year.

Highest close level for the index during the period was 8,474.81 point on 14/01/2020.

The Saudi stock exchange 1H-2020 decline was the third lowest in the region at 13.9% after gains in defensive sectors like Food, Pharma, Healthcare and Insurance were more than offset by decline in the rest of the sectoral indices. The Banking sector witnessed the biggest decline this year at 27.4% with shares of all the banks in the red recording double digit declines. Meanwhile, the decline in Energy and Materials sectors were relatively smaller at 9.2% and 11.5%, respectively.

#### **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.

#### **APPROVALS**

- No major approval was considered.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by  
**MIDDLE EAST FINANCIAL INVESTMENT COMPANY**  
**UNAUDITED INTERIM CONDENSED FINANCIAL**  
**STATEMENTS FOR THE SIX MONTHS PERIOD ENDED**  
**30 JUNE 2020**  
together with the  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by Middle East Financial Investment Company  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
For the six months' period ended 30 June 2020

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**To the Unitholders of  
MEFIC Saudi Freestyle Equity Fund  
Managed by Middle East Financial Investment Company  
Riyadh, Kingdom of Saudi Arabia**

### **Introduction**

We have reviewed the accompanying interim condensed financial statements of **MEFIC Saudi Freestyle Equity Fund** ("the Fund") managed by Middle East Financial Investment Company ("MEFIC") that include the interim condensed statement of financial position as of 30 June 2020 and the related interim condensed statements of comprehensive income, changes in net assets attributable to Unitholders and cash flows for the six months period then ended, and a summary of selected significant accounting policies and other explanatory notes from (1) to (14).

Management is responsible for the preparation and fair presentation of these Interim condensed 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 Interim condensed 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 interim condensed financial statements are not prepared in all material respects, in accordance with IAS 34 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: 01 Muharram 1442 (H)  
Corresponding to: 20 August 2020 (G)

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

	Notes	<b>30 June 2020 Unaudited</b>	31 December 2019 Audited
<b><u>ASSETS</u></b>			
Cash and cash equivalents	7	<b>1,371,626</b>	260,648
Investments	8	<b>4,428,353</b>	7,005,027
Dividend receivable		<b>5,344</b>	-
<b>Total assets</b>		<b><u>5,805,323</u></b>	<u>7,265,675</u>
<b><u>LIABILITIES</u></b>			
Management fee payable	10&11	<b>7,723</b>	10,551
Other expenses payable	10&11	<b>2,703</b>	3,693
<b>Total liabilities</b>		<b><u>10,426</u></b>	<u>14,244</u>
<b>Net assets attributable to Unitholders</b>		<b><u>5,794,897</u></b>	<u>7,251,431</u>
<b>Units in issue - numbers</b>		<b><u>45,662.7879</u></b>	<u>53,456.5930</u>
<b>Net assets value - per unit</b>		<b><u>126.9063</u></b>	<u>135.6508</u>
<b>Contingencies and commitments</b>	9		

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
 For the six month period ended 30 June 2020  
 (Saudi Riyals)

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	Notes	<u>2020</u>	<u>2019</u>
<b>INCOME</b>			
Dividend income		<b>69,977</b>	127,615
Realized (loss)/gain on disposal of investments at FVTPL	8	<b>(230,080)</b>	260,883
Unrealized (loss)/gain on investments at FVTPL	8	<b>(77,159)</b>	569,719
Other income		<b>37</b>	28
<b>Total income</b>		<b><u>(237,225)</u></b>	<u>958,245</u>
<b>EXPENSES</b>			
Management fee	10&11	<b>45,137</b>	65,584
Other expenses	10&11	<b>15,798</b>	22,954
Transaction cost		<b>5,508</b>	6,663
<b>Total operating expenses</b>		<b><u>66,442</u></b>	<u>95,201</u>
<b>(Loss)/profit for the period</b>		<b><u>(303,667)</u></b>	863,044
<b>Other comprehensive income for the period</b>		<b>-</b>	-
<b>Total comprehensive (loss)/income for the period</b>		<b><u><u>(303,667)</u></u></b>	<u><u>863,044</u></u>

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE  
 TO UNITHOLDERS (UNAUDITED)**  
 For the six month period ended 30 June 2020  
 (Saudi Riyals)

	<u>2020</u>	<u>2019</u>
<b>Net assets value at 1 January</b>	<b>7,251,431</b>	6,753,841
Total comprehensive (loss)/income for the period	<b>(303,667)</b>	863,044
<b>Changes from unit transactions</b>		
Proceeds from units issued	<b>861,194</b>	1,246,199
Payments for units redeemed	<b>(2,014,061)</b>	(1,889,000)
<b>Net assets at 30 June</b>	<b><u>5,794,897</u></b>	<u>6,974,084</u>

**TRANSACTIONS WITH UNITHOLDERS**

	<u>2020</u>	<u>2019</u>
	Units	Units
<b>Units at 1 January</b>	<b>53,456.5930</b>	57,834.2275
Units issued during the period	<b>6,898.8458</b>	10,524.8649
Units redeemed during the period	<b>(14,692.6509)</b>	(14,948.9446)
Net decrease in units	<b>(7,793.8051)</b>	(4,424.0797)
<b>Units at 30 June</b>	<b><u>45,662.7879</u></b>	<u>53,410.1478</u>

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.



**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
 For the six month period ended 30 June 2020  
 (Saudi Riyals)

	Notes	<b>30 June 2020</b>	30 June 2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
<b>(Loss)/profit for the period</b>		<b>(303,667)</b>	863,044
<i>Adjustment for:</i>			
Realized loss/(gain) on disposal of investments at FVTPL	8	<b>230,080</b>	(260,883)
Unrealized loss/(gain) on investments at FVTPL	8	<b>77,159</b>	(569,719)
<b>Changes in operating assets and liabilities:</b>			
Purchase of financial assets at FVTPL	8	<b>(757,204)</b>	(1,851,132)
Proceeds from disposal of financial assets at FVTPL	8	<b>3,026,638</b>	3,024,054
Dividend receivable		<b>(5,344)</b>	(2,440)
Management fee payable		<b>(2,827)</b>	86
Other expenses payable		<b>(990)</b>	31
<b>Net cash generated from operating activities</b>		<b><u>2,263,845</u></b>	<u>1,203,041</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from units issued		<b>861,194</b>	1,246,199
Payments for units redeemed		<b>(2,014,061)</b>	(1,889,000)
<b>Net cash used in financing activities</b>		<b><u>(1,152,867)</u></b>	<u>(642,801)</u>
<b>Net increase in cash and cash equivalents</b>		<b>1,110,978</b>	560,240
Cash and cash equivalents at 1 January		<b>260,648</b>	2,492,542
<b>Cash and cash equivalents at 30 June</b>	<b>7</b>	<b><u><u>1,371,626</u></u></b>	<u><u>3,052,782</u></u>

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by Middle East Financial Investment Company  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 30 June 2020  
(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 “Unitholders”).

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).

The Fund is required to maintain minimum net assets of SR 10 million however, the Funds registered under CMA received an exemption to meet the said requirement till 31 December 2020 by way of circular dated 29 November 2018.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit.

A novel strain of coronavirus (Covid-19) was first identified at the end of December 2019 and subsequently declared as a pandemic in March 2020 by the World Health Organization (WHO). Covid-19 continues to spread in some regions around the world, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities and hence a slowdown of economic activities and shutdown of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Fund’s business, operations, and financial results is uncertain and depends on many factors and future developments, that the Fund may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity.

As of the date of the issuance of the interim condensed financial statements for the six months ended 30 June 2020, the slow-down of economic activity was reflected in performance of Saudi Stock Market (Tadawul), as a result the Fund incurred unrealised losses on its investments.

**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 Tadawul 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 (Fund’s assets minus Fund’s liabilities) by the total number of outstanding Fund units on the next valuation day.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by Middle East Financial Investment Company  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 30 June 2020  
(Saudi Riyals)

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**4. BASIS OF PREPARATION**

**4.1 Statement of compliance**

These interim condensed 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.

These Interim condensed financial statements are unaudited. The disclosures made in this interim condensed financial statements 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 2019.

The comparative statement of financial position presented in this interim condensed financial statements has been extracted from the annual audited financial statements of the Fund for the year ended 31 December 2019, whereas the comparative interim condensed statement of comprehensive income, interim condensed statement of changes in net assets attributable to unitholders, and interim condensed statement of cash flows are extracted from the unaudited interim condensed financial statements of the Fund for the six months period ended 30 June 2019.

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

These financial statements have been prepared under the historical cost convention, except for certain financial assets, which are measured at fair value. These financial statements have been prepared following the accruals basis of accounting except for cash flow information.

The Fund's interim statement of financial position is not presented using a current / non-current classification. All balances of the Fund would generally be classified as current.

**4.3 Functional and presentation currency**

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

**4.4 Financial year**

The financial year of the Fund commences on 1 January and ends on 31 December of each calendar year, unless otherwise stated.

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
Managed by Middle East Financial Investment Company  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 30 June 2020  
(Saudi Riyals)

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**5. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this Interim condensed financial statements are the same as those applied in the preparation of audited annual financial statements of the Fund for the year ended 31 December 2019.

The Fund has adopted all the new amendments to existing standards, including any consequential amendments to other standards which are applicable for the financial year beginning on or after 1 January 2020. The adoption of these new and amended standards do not have any material effect on these interim condensed financial statements.

**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these interim condensed financial statements 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 interim condensed financial statements, 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 2019.

**7. CASH AND CASH EQUIVALENTS**

	<b><u>30 June 2020</u></b>	<b><u>31December 2019</u></b>
Cash held with custodian	<b><u>1,371,626</u></b>	<b><u>260,648</u></b>
	<b><u>1,371,626</u></b>	<b><u>260,648</u></b>

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
 For the six months period ended 30 June 2020  
 (Saudi Riyals)

**8. INVESTMENTS**

	Notes	<u>30 June 2020</u>	<u>31 December 2019</u>
<b>Financial assets - at fair value through profit or loss</b>			
Listed equity securities	(a)	<u>4,428,353</u>	<u>7,005,027</u>

a) Movement in the equity securities during the year is as follows:

Opening balance	7,005,027	4,274,746
Purchased during the period /year	757,204	5,271,471
Sold during the period /year	(3,026,638)	(3,670,949)
Realized gain on disposal of investments at FVTPL	(230,080)	346,023
Unrealized gain on investments at FVTPL	(77,159)	783,736
Closing balance	<u>4,428,353</u>	<u>7,005,027</u>

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

<u>Industry group</u>	<u>Market value</u>	<u>Market value (%)</u>
	<u>30 June 2020</u>	
Banks	414,309	9.36%
Insurance	284,466	6.42%
Materials	715,571	16.16%
Health Care Equipment and Service	1,223,225	27.62%
Retailing	489,039	11.04%
Transportation	226,859	5.12%
Foods	367,989	8.31%
Consumer Services	339,511	7.67%
Telecommunication Services	108,900	2.46%
Energy	258,484	5.84%
	<u>4,428,353</u>	<u>100%</u>

<u>Industry group</u>	<u>Market value</u>	<u>Market value (%)</u>
	<u>31 December 2019</u>	
Banks	1,326,919	18.94%
Insurance	443,250	6.33%
Health Care Equipment and Service	1,068,431	15.25%
Retailing	601,344	8.58%
Transportation	439,971	6.28%
Foods	728,352	10.40%
Consumer services	211,833	3.02%
Utilities	277,879	3.97%
Materials	1,219,139	17.40%
Energy	687,909	9.82%
	<u>7,005,027</u>	<u>100%</u>

**MEFIC SAUDI FREESTYLE EQUITY FUND**  
 Managed by Middle East Financial Investment Company  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
 For the six months period ended 30 June 2020  
 (Saudi Riyals)

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**9. CONTINGENCIES AND COMMITMENTS**

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

**10. 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.

**11. 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 Unitholders, 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. Related party transactions and balances are as follows:

<b>Related Party</b>	<b>Nature of transaction</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
Middle East Financial Investment Company (the "Fund Manager")	Management fee	45,137	65,584
	Other expenses	15,798	22,954
Related party balances as at reporting date are as follows:			
<b>Related party</b>	<b>Nature of transaction</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
Middle East Financial Investment Company (the "Fund Manager")	Management fee	7,723	10,551
	Other expenses	2,703	3,693

**12. 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 interim condensed 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 2019.

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 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 30 June 2020  
(Saudi Riyals)

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**13. LAST VALUATION DATE**

The last valuation date of the period was 30 June 2020.

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

These financial statements were approved by the Fund's Board on 01 Muharram 1442 H corresponding to 20 August 2020G.

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