

MEFIC Saudi Freestyle Equity Fund
Managed by Middle East Financial Investment Company
Riyadh - Kingdom of Saudi Arabia
Unaudited Interim Condensed Financial Statements
For the Six Months Period Ended 30 June 2021
Together with the Independent Auditor's Review Report

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Independent Auditor's Review Report on Interim Condensed Financial Statements

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 included the interim condensed statement of financial position as of 30 June 2021 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 (15).

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.

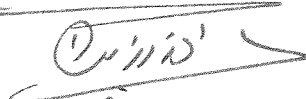
Conclusion:

Based on our review, nothing has come to our attention that cause 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.

Other Matter:

The interim condensed financial statements of the fund for the period ended 30 June 2020 were reviewed by another auditor who has issued an unmodified conclusion on the interim condensed financial statements dated 20 August 2020 and the financial statement of the fund for the year ended 31 December 2020 were audited by another auditor who has issued an unmodified opinion on the financial statements dated 07 April 2021.

For Talal Abu-Ghazaleh & Co.


Abdulqadir A. Al-Wohaib
Certified Public Accountant
(License No. 48)



09 Muharram 1443H.
17 August 2021G.

MEFIC Saudi Freestyle Equity Fund
 Managed by (Middle East Financial Investment Company)
 Riyadh - Kingdom of Saudi Arabia
 Interim Condensed Statement of Financial Position
 As of 30 June 2021

Exhibit A

	Note	30 June 2021 Unaudited SR.	31 December 2020 Audited SR.
Assets			
Cash and cash equivalents	(7)	1,982,011	36,013
Dividend receivable		--	13,679
Investment at FVTPL	(8)	9,581,735	8,457,799
Total Assets		11,563,746	8,507,491
Liabilities			
Management fees payable	(11,10)	19,094	12,395
Other expenses payable		5,455	5,932
Total Liabilities		24,549	18,327
Net assets attributable to the Unitholders		11,539,197	8,489,164
Units in issue – (numbers)		62,682.3272	55,136.3975
Net assets value – per unit		184.0901	153.9666
Contingencies and commitments	(9)		

The Accompanying Notes from (1) to (15) Constitute an Integral Part of
 These Interim Condensed Financial Statements

MEFIC Saudi Freestyle Equity Fund
 Managed by (Middle East Financial Investment Company)
 Riyadh - Kingdom of Saudi Arabia
 Interim Condensed Statement of Comprehensive Income
 For the Six-Months Period Ended 30 June 2021 (Unaudited)

Exhibit B

	Note	30 June 2021 SR.	30 June 2020 SR.
<u>Income</u>			
Dividend income		83,400	69,977
Realized gain / (loss) on disposal of investments at FVTPL		1,674,708	(230,080)
Unrealized gain / (loss) on investments at FVTPL		468,963	(77,159)
Other income		--	37
Total Income		2,227,071	(237,225)
<u>Expenses</u>			
Management fees	(10,12)	116,899	45,137
Other expenses		33,400	15,798
Transaction cost		--	5,508
Total operating expenses		150,299	66,442
Net Profit / (loss) for the period		2,076,772	(303,667)
Other comprehensive income for the period		--	--
Total comprehensive income / (loss) for the period		2,076,772	(303,667)

The Accompanying Notes from (1) to (15) Constitute an Integral Part of
 These Interim Condensed Financial Statements

MEFIC Saudi Freestyle Equity Fund
 Managed by (Middle East Financial Investment Company)
 Riyadh - Kingdom of Saudi Arabia
 Interim Condensed Statement of Changes in Equity
 For the Six-Months Period Ended 30 June 2021 (Unaudited)

Exhibit C

	<u>30 June 2021</u>	<u>30 June 2020</u>
	SR.	SR.
Net assets value at 1 January	8,489,164	7,251,431
Comprehensive income / (loss) for the period	2,076,772	(303,667)
Charges from unit transactions		
Proceeds from units issued	3,000,000	861,194
Payments for units redeemed	(2,026,739)	(2,014,061)
Net change from unit transactions	<u>973,261</u>	<u>(1,152,867)</u>
Net asset value at 30 June	<u>11,539,197</u>	<u>5,794,897</u>
Transactions with Unitholders		
	<u>2021</u>	<u>2020</u>
	<u>Units</u>	
Units at 1 January	55,136.3975	53,456.5930
Units issued during the period	19,484.7452	6,898.8458
Units redeemed during the period	(11,938.8155)	(14,692.6509)
Net increase / (decrease) in units	<u>7,545.9297</u>	<u>(7,793.8051)</u>
Units at 30 June	<u>62,682.3272</u>	<u>45,662.7879</u>

The Accompanying Notes from (1) to (15) Constitute an Integral Part of
 These Interim Condensed Financial Statements

MEFIC Saudi Freestyle Equity Fund
 Managed by (Middle East Financial Investment Company)
 Riyadh - Kingdom of Saudi Arabia
 Interim Condensed Statement of Cash Flows
 For the Six-Months Period Ended 30 June 2021 (Unaudited)

Exhibit D

	<u>30 June</u> <u>2021</u> SR.	<u>30 June</u> <u>2020</u> SR.
Cash Flow from Operating Activities		
Profit / (Loss) for the period	2,076,772	(303,667)
Adjustments for:		
Realized (gain) / loss on disposal of investments at FVTPL	(1,674,708)	230,080
Unrealized (gain) / loss on investments at FVTPL	(468,963)	77,159
	(66,899)	3,572
Changes in operating assets and liabilities:		
Dividend receivable	13,679	(5,344)
Management fee payable	6,699	(2,827)
Other expenses payable	(477)	(990)
Net cash (used in) operating activities	<u>(46,998)</u>	<u>(5,589)</u>
Cash flows from Investing Activities		
Investment at FVTPL	(29,394,380)	(757,204)
Proceeds from investment at FVTPL	30,414,115	3,026,638
Net cash from Investing activities	<u>1,019,735</u>	<u>2,269,434</u>
Cash Flows from Financing Activities		
Proceeds from subscription of units	3,000,000	861,194
Payments against redemption of units	(2,026,739)	(2,014,061)
Net cash from / (used in) financing activities	<u>973,261</u>	<u>(1,152,867)</u>
Net increase in cash and cash equivalents	<u>1,945,998</u>	<u>1,110,978</u>
Cash and cash equivalents at Beginning of the period	36,013	260,648
Cash and Cash equivalents at the end of the period – Exhibit A	<u>1,982,011</u>	<u>1,371,626</u>

The Accompanying Notes from (1) to (15) Constitute an Integral Part of
 These Interim Condensed Financial Statements

MEFIC Saudi Freestyle Equity Fund
Managed by (Middle East Financial Investment Company)
Riyadh - Kingdom of Saudi Arabia
Notes to the Interim Condensed Financial Statements
For the Six-Months Period Ended 30 June 2021 (Unaudited)

1- Formation and Nature of Business:

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 1 May 2021 by way of circular dated 29 December 2020.

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). Covid19 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 financial statements for the year ended 31 December 2020, the management does not believe that the Covid-19 outbreak significantly affects the Fund’s operations. The Company will continue to evaluate the nature and extent of the impact on its business and financial results.

2- Regulatory Authority:

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:

Subscription / redemption requests are accepted on all days on which Tadawul is open.

The value of the Fund’s portfolio is determined daily. The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the net assets (fair value of the Fund’s assets minus fund’s liabilities) of the fund by the total number of outstanding fund units on next valuation day.

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 Chartered and Certified (“SOCPA”) as well as 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 these 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 2020.

MEFIC Saudi Freestyle Equity Fund
Managed by (Middle East Financial Investment Company)
Riyadh - Kingdom of Saudi Arabia
Notes to the Interim Condensed Financial Statements
For the Six-Months Period Ended 30 June 2021 (Unaudited)

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 2020, 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 2020.

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.

5- Significant Accounting Policies:

The accounting policies and the methods of computation adopted in the preparation of these 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 2020.

The fund has adopted the new standards and amendments to the standards in effect as of 01 January 2021, and there was no significant impact on these interim condensed financial statements as a result of the application of these standards, also the fund has not early applied any amendments issued and not yet effective.

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 2020.

7- Cash and Cash Equivalents:

The details of this item are as follows:

	Unaudited 30 June 2021	Audited 31 December 2020
	SR.	SR.
Cash at held with custodian	1,982,011	36,013

8- Investments at FVTPL:

The details of this item are as follows:

	Unaudited 30 June 2021	Audited 31 December 2020
	SR.	SR.
Opening balance	8,457,799	7,005,027
Purchase of investments during the period	29,394,380	8,674,351
Realized gain on disposal of investments at FVTPL	1,674,708	155,110
Unrealized gain on investments at FVTPL	468,963	781,707
Sold investment during the period / year	(30,414,115)	(8,158,396)
Investment value at end period / year	9,581,735	8,457,799

9- **Contingencies and Commitments**

There were no contingencies and commitments as at the reporting date (2020: Nil).

10- **Management fees and Others 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:**

a) Related parties of the Fund include the Unitholders, the Fund Manager and other funds managed by the Fund manager. In the ordinary course of its activities, the Fund transacts business with 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	Nature of transactions	30 June 2021	30 June 2020
Middle East Financial Investment Company (<i>Fund Manager</i>)	Management fee	116,899	45,137
	Other expenses	33,400	15,798

b) The above transactions resulted in the following balance due to related party:

Related Party	Nature of transactions	30 June 2021	31 December 2020
Middle East Financial Investment Company (<i>Fund Manager</i>)	Management fee payable	19,094	12,395
	Other expenses payable	5,455	5,932

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 2020.

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

13- **Last Valuation Day:**

The last valuation date of the period was 30 June 2021.

14- **Approval of Interim Condensed Financial Statements:**

These interim condensed financial statements were approved by the Fund Board on 09 Muharram 1443H, corresponding to 17 August 2021G.

15- **General:**

The figures in the financial statements are rounded to the nearest Saudi Riyal.