

DERAYAH FREESTYLE SAUDI EQUITY FUND
Open-Ended Investment Fund
(Managed by Derayah Financial Company)
Interim Condensed Financial Statements (Unaudited)
For the period ended 30 June 2023
Together with the
Independent Auditor's Review Report to the Unitholders

DERAYAH FREESTYLE SAUDI EQUITY FUND

Open-Ended Investment Fund

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Interim Condensed Financial Statements

For the Period ended 30 June 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE UNITHOLDERS OF DERAYAH FREESTYLE SAUDI EQUITY FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of DERAYAH FREESTYLE SAUDI EQUITY FUND'' (the "Fund"), managed by Derayah Financial Company (the Fund Manager) as at 30 June 2023 and the related interim statements of comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is 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 Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTER

The Interim condensed financial statements of the Fund for the period ending June 30, 2022 and the financial statements for the year ending December 31, 2022 have been reviewed and audited by another independent auditor, respectively, whose review report dated August 23, 2022 and the audit report dated March 28, 2023 expressed an unmodified conclusion and opinion respectively.

For Al-Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 23 Muharram 1445H
Corresponding to: 10 August 2023

DERAYAH FREESTYLE SAUDI EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**As at 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

	Note	30 June 2023 (Un-audited)	31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	4	23,253,860	8,194,151
Dividend receivable		187,339	11,093
Investments carried at fair value through profit or loss (FVTPL)	5	309,750,867	95,257,859
Advances for acquisition of financial assets at FVTPL		11,059,141	-
TOTAL ASSETS		344,251,207	103,463,103
LIABILITIES			
Management fee payable	8	456,551	132,561
Accrued expenses		457,176	193,034
TOTAL LIABILITIES		913,727	325,595
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS		343,337,480	103,137,508
Units in issue (number)	6	10,195,717	4,059,421
NET ASSETS (EQUITY) ATTRIBUTABLE TO EACH UNIT		33.67	25.41

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

DERAYAH FREESTYLE SAUDI EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**For the period ended 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

	Note	For the period ended 30 June 2023 (Un-audited)	For the period ended 30 June 2022 (Un-audited)
<u>Investment income</u>			
Dividend income		3,527,139	668,822
Realized gain from investments carried at FVTPL		12,506,407	497,962
Unrealized gain from investments carried at FVTPL		58,026,598	-
Other income		-	161
Total income from operations		74,060,144	1,166,945
Management fees	8	(2,140,667)	(598,438)
Other expenses		(625,886)	(133,082)
Total expenses		(2,766,553)	(731,520)
Net income for the period		71,293,591	435,425
Other comprehensive income for the period		-	-
Total comprehensive income for the period		71,293,591	435,425

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

DERAYAH FREESTYLE SAUDI EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**ATTRIBUTABLE TO THE UNIT HOLDERS****For the period ended 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

	For the period ended 30 June 2023 (Un-audited)	For the period ended 30 June 2022 (Un-audited)
Net assets (equity) attributable to the unit holders at the beginning of the period	103,137,508	58,388,488
Changes from unit transactions:		
Issuance of units	182,870,807	28,851,070
Redemption of units	(13,964,426)	(18,896,256)
Net changes from unit transactions	168,906,381	9,954,814
Total comprehensive income for the period	71,293,591	435,425
Net assets (equity) attributable to the unit holders at the end of the period	343,337,480	68,778,727

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

DERAYAH FREESTYLE SAUDI EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

INTERIM CONDENSED STATEMENT OF CASH FLOWS**For the period ended 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

	For the period ended 30 June 2023 (Un-audited)	For the period ended 30 June 2022 (Un-audited)
Cash flows from operating activities:		
Net income for the period	71,293,591	435,425
Adjustments for:		
Unrealized (gains) losses from investments carried at FVTPL	(58,026,598)	4,560,724
Dividend income	(3,527,139)	(668,822)
	9,739,854	4,327,327
Net changes in operating assets and liabilities:		
Investments carried at FVTPL	(156,466,410)	(18,112,534)
Advances for acquisition of Investments carried at FVTPL	(11,059,141)	631,550
Dividend receivables	3,350,893	668,822
Management fees payable	323,990	21,760
Accrued expenses	264,142	(39,883)
Net cash used in operating activities	(153,846,672)	(12,502,958)
Cash flows from financing activities:		
Proceeds from issuance of units	182,870,807	28,851,070
Redemptions of the units	(13,964,426)	(18,896,256)
Net cash generated from financing activities	168,906,381	9,954,814
Net increase in cash and cash equivalents	15,059,709	(2,548,144)
Cash and cash equivalents at beginning of the period	8,194,151	4,772,539
Cash and cash equivalents at end of the period	23,253,860	2,224,395

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

DERAYAH FREESTYLE SAUDI EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

Notes to the interim condensed financial statements

For the period Ended 30 June 2023

(All Amounts in Saudi Arabian Riyals)

1. FUND AND ITS ACTIVITIES

Derayah Freestyle Saudi Equity Fund (the "Fund") is an open-ended fund. The Fund aims to develop capital over the long-term by investing mainly in companies listed on the Saudi Stock Exchange ("Tadawul"), in the parallel market ("Nomu"), and tradeable rights and initial offerings in Saudi Arabia. The Fund can also invest in the financial markets of other countries (globally). All investments of the Fund shall be in accordance with Sharia standards approved by the Sharia Committee of the Fund. The Fund Manager will also invest in real estate traded funds and Exchange-Traded Funds ("ETFs"). The Fund will not distribute dividends to its unitholders, however all profits will be reinvested by the Fund.

The Fund is managed by Derayah Financial Company (the "Fund Manager"), a closed joint stock company licensed by the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") under license number 90810- 27. Albilad Investment Company (the "Custodian") is appointed as the custodian of the Fund (2021: Alinma Investment Company).

The registered office address of the Fund Manager is P.O. Box 286546, Riyadh 11323, Kingdom of Saudi Arabia.

The Fund commenced its operations on 29 March 2016.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha'ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the "Amended Regulations") on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

3 BASIS OF PREPARATION

3.1 Statement of commitment

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Initial Financial Reporting" approved in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Auditors and Accountants, and they must be read in conjunction with the latest annual financial statements of the fund for the year ending on December 31, 2022. These interim condensed financial statements usually do not include all the information required to prepare the financial statements, but specific accounting policies and explanatory notes have been included to explain important events and transactions in order to understand the changes in the financial position and the company's performance since December 31, 2022.

3.1 Basis of measurement Functional and presentation currency

The interim condensed financial statements have been prepared on the historical cost basis, with the exception of investments carried at fair value through profit or loss.

These interim condensed financial statements have been presented in Saudi Riyals, which is the Company's functional and presentation currency.

3.2 New standards, amendments to standards and interpretations

There are new standards and a number of amendments to the standards that are effective as of January 1, 2023, and they were clarified in the fund's annual financial statements, but they do not have a material impact on the fund's preliminary financial statements.

DERAYAH FREESTYLE SAUDI EQUITY FUND

Open-Ended Investment Fund

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Notes to the interim condensed financial statements**For the period Ended 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

4. CASH AND CASH EQUIVALENTS

	30 June 2023 (Un-audited)	31 December 2022 (Audited)
Balances at banks	23,253,860	8,194,151
	23,253,860	8,194,151

Bank balances are held in investment accounts with local banks.

5. INVESTMENTS CARRIED AT FVTPL

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Cost	Fair Value	Cost	Fair Value
Materials	57,395,515	66,047,326	29,205,908	27,196,517
Consumer services	29,698,395	40,726,451	-	-
Software and services	18,760,931	28,453,902	19,348,336	18,074,578
Commercial and professional services	36,078,921	38,010,878	7,438,167	6,469,425
Retailing	13,445,816	12,553,162	6,742,383	5,548,246
Banks	13,168,613	14,349,424	4,937,669	5,158,562
Energy	5,302,156	8,663,198	3,993,483	4,559,797
Insurance	-	-	4,537,984	4,457,783
Telecommunication services	14,546,126	16,113,905	3,357,067	3,100,743
Industrials	5,595,780	6,666,418	3,220,051	3,019,767
Information Technology	-	-	5,876,966	7,409,122
Utilities	6,433,683	6,829,688	2,681,480	2,891,678
Health care equipment and services	18,018,243	27,604,095	2,255,998	2,446,681
Real estate management and development	5,069,313	5,619,408	2,243,391	2,001,331
Petrochemicals	4,429,380	4,702,911	-	-
Food & Staples Retailing	32,721,255	33,410,101	2,568,960	2,923,629
	260,664,127	309,750,867	98,407,843	95,257,859

6. UNIT TRANSACTIONS

Transactions in units for the period are summarized as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Units at the beginning of the period / year	4,059,421	2,441,113
Units issued	6,611,172	2,698,796
Units redeemed	(474,876)	(1,080,488)
Net change in units	6,136,296	1,618,308
Units at the end of the period / year	10,195,717	4,059,421

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For the period Ended 30 June 2023

(All Amounts in Saudi Arabian Riyals)

7. MANAGEMENT FEE, ADMINISTRATION AND OTHER EXPENSES

The fund manager charges a management fee of 1.5% of the fund's net asset value. The management fee is calculated daily and deducted at the end of each calendar month.

The fund manager recovers from the fund any expenses incurred on behalf of the fund such as audit fees, legal fees and other similar expenses.

Custody fee, 3% annually of the fund's net asset value for Saudi shares and for money market fund transactions and fixed income instruments, and a maximum of 0.45% of the fund's net asset value for shares in other countries of the world

8. TRANSACTIONS AND BALANCE WITH RELATED PARTIES

Related parties of the Fund include Derayah Financial Company (the fund manager), and Albilad Capital (the custodian). 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 following are the significant transactions with related parties that the fund entered into during the period and the balances resulting therefrom:

Related Party	Nature of transactions	Amount of transaction		Closing balance receivable / (Payable)	
		30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Derayah Financial Company	Management Fees	2,140,667	1,283,172	(456,551)	(132,561)
Albilad Capital	Custody Fees	29,816	64,875	(341,443)	(63,516)
Board of directors	rewards	19,836	40,000	(19,836)	(40,000)

9. ADVANCES FOR ACQUISITION OF FINANCIAL ASSETS AT FVTPL

Advances for acquisition of financial assets at FVTPL represent amount paid for the shares subscribed by the Fund in connection with the additional offering in SEDCO Capital REIT Fund and Al Rajhi REIT fund amounting to SAR 7.2 million and 3.9 million respectively.

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Open-Ended Investment Fund

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Notes to the interim condensed financial statements

For the period Ended 30 June 2023

(All Amounts in Saudi Arabian Riyals)

10. FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2023 (Unaudited)	Amortized cost	FVTPL
Assets as per statement of financial position		
Cash and cash equivalents	23,253,860	-
Dividend receivable	187,339	-
Investments carried at FVTPL	-	309,750,867
Advances for acquisition of financial assets at FVTPL	11,059,141	-
Total	34,500,340	309,750,867
31 December 2022 (Audited)	Amortized cost	FVTPL
Assets as per statement of financial position		
Cash and cash equivalents	8,194,151	-
Dividend receivable	11,093	-
Investments carried at FVTPL	-	95,257,859
Total	8,205,244	95,257,859

All financial liabilities as at 30 June 2023 were classified as financial liabilities measured at amortized cost.

11. SUBSEQUENT EVENTS

On 18 July 2023, The fund manager announced an update of the terms and conditions of the fund and summarized in changes to the cover page, the address of the fund's headquarters, the fund's summary, the charges imposed on subscription, redemption and transfer of ownership, the procedures for submitting subscription and redemption requests, the restrictions on dealing in the fund's units, the address of the fund's operator, and changes in the terms and conditions The fund and updating the list of fund board members related to all other funds, the names of the members of the Sharia Supervisory Committee and their qualifications, the roles and responsibilities of the Sharia Supervisory Committee, complaints procedures and Sharia standards.

In the opinion of the management, there were no significant subsequent events after June 30, 2023 and until the date of approval of the interim condensed financial statements, which may have a material impact on the interim condensed financial statements as of June 30, 2023.

12. COMPARATIVE FIGURES

Some comparative period figures have been reclassified to conform with the current classification of the interim condensed financial statements.

13. LAST VALUATION DAY

The last valuation day of the period / year was 30 June 2023 (31 Dec 2022).

14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund Board of Directors on 20 Muharram 1445H (7 August 2023).