



## Semi Annual Report to Unitholders 2021

### ALBILAD GOLD ETF

#### C) Fund Manager

##### 1) Name and address of the fund manager

Albilad Investment Company "Albilad Capital"

Riyadh, Al-Olaya, King Fahad Road, Smart Tower

PO Box 140, Riyadh, 11411, Kingdom of Saudi Arabia

Telephone: 920003636

Fax: +966 11 290 6299

Website: [www.albilad-capital.com](http://www.albilad-capital.com)

##### 2) Names and addresses of sub-manager and/ or investment adviser (if any)

Not applicable

##### 3) A review of the investment activities during the first half of 2021

During the previous period investments were primarily made in shariah compliant instant gold contracts from the Dubai Gold and Commodities Exchange.

##### 4) A report of investment fund's performance during the first half of 2021

The performance of the fund stood at -7.72% compared to the performance of the benchmark which stood at -6.79%.

##### 5) Details of any material changes to the fund's terms and conditions made during the first half of 2021

Not applicable

#### Albilad Capital Headquarters:

Telephone: +966 920003636

Fax: +966 11 2906299

PO Box: 140 Riyadh 11411, Saudi Arabia

#### For more information contact us at:

Asset Management

Telephone: +966 11 2039888

Fax: +966 11 2039899

Website: <http://www.albilad-capital.com/En/AssetManagement>



**Disclaimer:** Past performance of the fund is no guide to future performance and the value of investments and income from them can fall as well as rise. Where included, benchmark and index data included in this document are provided for illustrative purposes only. To ensure proper understanding of the product and its suitability to the investor's risk profile, it is strongly recommended that the investor read the agreement and the terms and conditions of the fund. All rights reserved to Albilad Investment Company 2021© . (Commercial Registration No. 1010240489) dated 10/07/2017 G, 10/16/1438 H, and is regulated by Saudi Arabia's Capital Market Authority (license No. 08100-37) dated 01/08/1428H 14/08/2007



## ALBILAD GOLD ETF

---

6) Any other information that would enable unitholders to make an informed judgement about the fund's activities during the period

Not applicable

7) Where an investment fund invests substantially in other investment funds, a statement must disclose on the proportion of the management fees charged to the fund itself and to funds in which the fund invests

Not applicable

8) A statement on any special commission received by the fund manager during the period, clearly identifying what they are and the manner in which they were utilized (if any)

Not applicable

9) Any other data and other information required by these regulations to be included in this report

Not applicable

## F) Financial Statements

The financial statements have been prepared in accordance with the accounting standards approved by the Saudi Organization of Certified Public Accountants. (Financial Statements attached)

---

### Albilad Capital Headquarters:

Telephone: +966 920003636  
Fax: +966 11 2906299  
PO Box: 140 Riyadh 11411, Saudi Arabia

### For more information contact us

Asset Management  
Telephone: +966 11 2039888  
Fax: +966 11 2039899  
Website: <http://www.albilad-capital.com/En/AssetManagement>



**Disclaimer:** Past performance of the fund is no guide to future performance and the value of investments and income from them can fall as well as rise. Where included, benchmark and index data included in this document are provided for illustrative purposes only. To ensure proper understanding of the product and its suitability to the investor's risk profile, it is strongly recommended that the investor read the agreement and the terms and conditions of the fund. All rights reserved to Albilad Investment Company 2021 © . (Commercial Registration No. 1010240489) dated 10/07/2017 G, 10/16/1438 H, and is regulated by Saudi Arabia's Capital Market Authority (license No. 08100-37) dated 01/08/1428H 14/08/2007

**ALBILAD GOLD ETF  
(AN OPEN ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD  
INVESTMENT COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS  
AND THE FUND MANAGER**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**ALBILAD GOLD ETF  
INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

<b>Index</b>	<b>Page</b>
Report on review of interim condensed financial statements	1
Interim statement of financial position	2
Interim statement of comprehensive income	3
Interim statement of changes in equity attributable to the unitholders	4
Interim statement of cash flows	5
Notes to the interim condensed financial statements	6 - 10



## Report on review of interim condensed financial statements

To the unitholders and the Fund Manager of  
Albilad Gold ETF

### Introduction

We have reviewed the accompanying interim statement of financial position of Albilad Gold ETF (the "Fund") as at 30 June 2021, and the related interim statements of comprehensive income, changes in equity attributable to the unitholders and cash flows for the six-month period ended and other explanatory notes. The Fund Manager 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), as 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" as 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, as 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, as endorsed in the Kingdom of Saudi Arabia.

### PricewaterhouseCoopers

Mufaddal A. Ali  
License Number 447

16 August 2021



**ALBILAD GOLD ETF**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 June 2021 (Un-audited)	As at 31 December 2020 (Audited)
<b>Assets</b>			
Cash and cash equivalents	4	1,081,289	2,059,150
Investment in physical gold		109,561,920	116,690,760
Receivable against sale of investment		664,632	5,141
<b>Total assets</b>		<b>111,307,841</b>	<b>118,755,051</b>
<b>Liabilities</b>			
Accrued management fee	4	901,676	125,842
Accrual and other liabilities		294,044	181,172
Payable against purchase of investment		-	215,552
<b>Total liabilities</b>		<b>1,195,720</b>	<b>522,566</b>
<b>Equity attributable to the unitholders</b>		<b>110,112,121</b>	<b>118,232,485</b>
<b>Units in issue</b>		<b>11,100,000</b>	<b>11,000,000</b>
<b>Equity per unit in Saudi Riyals</b>		<b>9.9200</b>	<b>10.7484</b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements.

**ALBILAD GOLD ETF**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June 2021	For the period from 2 June 2020 (date of commencement of operations) to 30 June 2020
<b>Income</b>			
Unrealised (loss) / gain on re-measurement of investment in physical gold		(7,165,324)	4,650,956
Realized gain on sale of investment in physical gold		116,946	-
<b>Total (loss) / income</b>		<b>(7,048,378)</b>	<b>4,650,956</b>
<b>Expenses</b>			
Management fee	4	(674,639)	(72,436)
Custody fee	4	(115,568)	(34,748)
Other expenses		(213,138)	(32,069)
<b>Total expenses</b>		<b>(1,003,345)</b>	<b>(139,253)</b>
<b>Net (loss) / income for the period</b>		<b>(8,051,723)</b>	<b>4,511,703</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(8,051,723)</b>	<b>4,511,703</b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements.

**ALBILAD GOLD ETF****INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

	For the six-month period ended 30 June 2021	For the period from 2 June 2020 (date of commencement of operations) to 30 June 2020
<b>Equity attributable to the unitholders at the beginning of the period</b>	<b>118,232,485</b>	-
<b>Changes from operations</b>		
Total comprehensive (loss) / income for the period	(8,051,723)	4,511,703
<b>Changes from unit transactions</b>		
Proceeds from issuances of units	10,081,558	153,829,885
Payment against redemption of units	(10,150,199)	-
Net change from unit transactions	(68,641)	153,829,885
<b>Equity attributable to the unitholders at the end of the period</b>	<b>110,112,121</b>	<b>158,341,588</b>

Transactions in units for the periods ended 30 June are summarized as follows:

	For the six-month period ended 30 June 2021	For the period from 2 June 2020 (date of commencement of operations) to 30 June 2020
<b>Units at the beginning of the period</b>	<b>11,000,000</b>	-
Units issued	1,100,000	15,600,000
Units redeemed	(1,000,000)	-
Net change in units	100,000	15,600,000
<b>Units at the end of the period</b>	<b>11,100,000</b>	<b>15,600,000</b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements.



**ALBILAD GOLD ETF**  
**INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
(All amounts in Saudi Riyals unless otherwise stated)

	<b>For the six-month period ended 30 June 2021</b>	<b>For the period from 2 June 2020 (date of commencement of operations) to 30 June 2020</b>
<b>Cash flows from operating activities</b>		
Net (loss) / income for the period	(8,051,723)	4,511,703
Adjustments for:		
Unrealised loss / (gain) on re-measurement of investment in physical gold	7,165,324	(4,650,956)
	<b>(886,399)</b>	(139,253)
<b>Net changes in operating assets and liabilities</b>		
Investment in physical gold	(36,484)	(153,435,064)
Receivable against sale of investment	(659,491)	-
Accrued management fee	775,834	72,436
Accruals and other liabilities	112,872	66,817
Payable against purchase of investment	(215,552)	-
Cash used in operations	(22,821)	(153,295,811)
<b>Net cash used in operating activities</b>	<b>(909,220)</b>	(153,435,064)
<b>Cash flows from financing activities</b>		
Proceeds from issuances of units	10,081,558	153,829,885
Payments against redemption of units	(10,150,199)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(68,641)</b>	153,829,885
<b>Net change in cash and cash equivalents</b>	<b>(977,861)</b>	394,821
Cash and cash equivalents at the beginning of the period	2,059,150	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,081,289</b>	394,821

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements.

**ALBILAD GOLD ETF**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Albilad Gold ETF is an open-ended Exchange Traded Fund; offers investors a Shariah-compliant opportunity to invest in physical gold. The Fund closely tracks the returns of gold through an Exchange-traded Fund structure, where units are tradeable on The Saudi Stock Exchange (Tadawul). The Fund is managed by Albilad Investment Company (the "Fund Manager"), a subsidiary of Bank Albilad (the "Bank") for the benefit of the Fund's unit holders (the "unitholders"). The objective of the Fund is to mimic the performance of Spot Gold Sharia Contracts in DGCX (Dubai Gold and Commodities Exchange) and physical gold, that do not conflict with Shari'ah rules.

All Gold Bars acquired and owned by the Fund are deposited and safe-kept by the (the "Custodian") Riyad Capital, a subsidiary of Riyad Bank, in the Fund Allocated Account on an Allocated Basis where each Gold Bar is uniquely identifiable and segregated from other precious metals held by the Custodian. Gold is kept in the safe custody of the Custodian at a secured vault in Dubai, United Arab Emirates; operated by ("the Sub Custodian") BRINKS GLOBAL under the delegated authority from Albilad Investment Company (the "Fund Manager").

In dealing with the unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, the unitholders are considered to be the beneficial owners of the assets of the Fund.

In February 2020, the Capital Market Authority ("CMA") approved Albilad Investment Co.'s request to offer and register "Albilad Gold ETF" units on Tadawul as Exchange Traded Fund (ETF). The Fund started trading on Tadawul as an ETF on Shawwal 10, 1441H (corresponding to 2 June 2020, with the symbol 9405).

According to the Terms and Conditions of the Fund, its first annual financial period starts from the commencement date of its operations i.e. Shawwal 10, 1441H (corresponding to 2 June 2020) and ends on 31 December 2020. According to the Terms and Conditions of the Fund, the financial statements for the subsequent period will be prepared from 1 January to 31 December.

The Fund is governed by the Investment Fund Regulations ("the Regulations") published by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006), as amended by the resolution of the CMA Board on 12 Rajab 1442H (corresponding to 24 February 2021).

**1.1 PRIMARY MARKET OPERATION (ISSUANCE AND REDEMPTION OF UNITS)**

The primary market operations are only carried out by the Fund Manager and the authorized Market Maker. The Issuance and Redemption activities are done on the basis of blocks of exchange traded fund (ETF) units (for the Fund, one block equals 5kg of gold bar equivalent to 100,000 ETF Units) on a daily basis before the trade start, referred to Issuance and Redemption of Units, respectively. The process of issuance and redemption of ETF units is on an in-kind basis whereby the Fund Manager and the Market Maker interexchange ETF Units of the Fund and the basket of assets (gold bars), through the Custodian, for the purpose of issuance and redemption of the ETF units. The issued units are then freely floated on Tadawul for public trading.

**2 BASIS OF PREPARATION**

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the period from 2 June 2020 to 31 December 2020.

The interim condensed financial statements have been prepared on a historical cost convention, except for the re-measurement of investment in physical gold held at fair value through interim statement of income (FVSI).

The principal accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those of the previous financial year.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the interim statement of financial position. Instead, assets and liabilities are presented in order of liquidity.

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

**ALBILAD GOLD ETF**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

The preparation of these interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future years affected. There are no areas of significant judgment or significant assumption used in the preparation of these interim condensed financial statements.

**3 NEW AND AMENDED STANDARDS ADOPTED BY THE FUND**

There are amendments to standards that are effective in current and future periods but have not been detailed in these interim condensed financial statements and are not expected to have any impact on the Fund's interim condensed financial statements.

**4 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties comprise the unitholders, Fund Manager, beneficial owners of the unitholders, Fund Board Directors, key management personnel and any businesses which are controlled, either directly or indirectly, by the unitholders or over which they exercise significant influence ("affiliate"). The Fund enters into transactions in the normal course of business with these parties at prices and terms agreed between the parties.

***Transactions with related parties***

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are in accordance with the terms and conditions of the Fund. All the related party transactions are approved by the Fund Board.

Following table summarises the details of transactions with related parties:

Related party	Nature of relationship	Nature of transaction	For the six-	For the period
			month period ended 30 June 2021	from 2 June 2020 (date of commencement of operations) to 30 June 2020
AlBilad Investment Company	Fund Manager	Management fee	674,639	72,436
Riyad Capital	Custodian of the Fund	Custody fee	115,568	34,748
Fund Board	Members of the Fund Board	Fund Board fee	1,984	571

Following table summarises the details of balances with related parties:

Nature of balance	Related party	As at 30 June 2021	As at 31 December 2020
Cash and cash equivalents – Investment Account	Riyad Capital - Custodian of the Fund	1,081,289	2,059,150
Accrued management fee	AlBilad Investment Company – Fund Manager	901,676	125,842
Custody fee payable	Riyad Capital - Custodian of the Fund	56,476	17,054
Fund Board fee payable	Members of the Fund board	2,348	4,000

**ALBILAD GOLD ETF**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability

**Determination of fair value and fair value hierarchy**

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

All the financial instruments of the Fund are measured at amortised cost. The fair values of financial instruments which are not measured at fair value in these interim condensed financial statements are not significantly different from the carrying values included in the interim condensed financial statements.

<b>At 30 June 2021</b>	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><i>Financial assets not measured at fair value</i></b>				
Cash and cash equivalents	-	-	1,081,289	1,081,289
Receivable against sale on investments	-	-	664,632	664,632
	-	-	1,745,921	1,745,921
<b><i>Financial liabilities not measured at fair value</i></b>				
Accrued management fee	-	-	901,676	901,676
Accrual and other liabilities	-	-	294,044	294,044
	-	-	1,195,720	1,195,720

<b>At 31 December 2020</b>	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><i>Financial assets not measured at fair value</i></b>				
Cash and cash equivalents	-	-	2,059,150	2,059,150
Receivable against sale of investment	-	-	5,141	5,141
	-	-	2,064,291	2,064,291
<b><i>Financial liabilities not measured at fair value</i></b>				
Accrued management fee	-	-	125,842	125,842
Accrual and other liabilities	-	-	181,172	181,172
Payable against purchase of investment	-	-	215,552	215,552
	-	-	522,566	522,566

**ALBILAD GOLD ETF**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**6 FINANCIAL RISK MANAGEMENT**

**6.1 Financial risk factors**

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

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

**Market risk**

The Fund was exposed to market risk, in the form of changes in price of gold. The Fund is exposed to market rate risk on its investment in gold. If the gold price is changed by  $\pm 1\%$ , with all other variables held constant, the income for the period would have been higher/lower by SAR +80,517.

**Foreign currency risk management**

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency. During the period, Fund paid against purchase of gold in USD. As the SAR is pegged to USD, therefore, Fund is not exposed to any Foreign currency risk.

**Interest rate and liquidity risk management**

The Fund is not exposed to interest rate risk as the Fund does not have any interest bearing financial instruments. Ultimate responsibility for liquidity risk management rests with the Fund Manager, which has established an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The maturity profile of financial assets and liabilities in as follows:

**As at 30 June 2021**

	<b>Less than 7 days</b>	<b>7 days to 1 month</b>	<b>1-12 months</b>	<b>More than 12 months</b>	<b>Total</b>
<b>Financial Assets</b>					
Cash and cash equivalents	1,081,289	-	-	-	1,081,289
Receivable against sale of investments	664,632	-	-	-	664,632
	<b>1,745,921</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,745,921</b>
<b>Financial Liabilities</b>					
Accrued management fee	-	-	901,676	-	901,676
Accruals and other liabilities	-	-	294,044	-	294,044
	<b>-</b>	<b>-</b>	<b>1,195,720</b>	<b>-</b>	<b>1,195,720</b>
<b>Liquidity gap</b>	<b>1,745,921</b>	<b>-</b>	<b>(1,195,720)</b>	<b>-</b>	<b>550,201</b>

**ALBILAD GOLD ETF**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**As at 31 December 2020**

	<b>Less than 7 days</b>	<b>7 days to 1 month</b>	<b>1-12 months</b>	<b>More than 12 months</b>	<b>Total</b>
<b>Financial Assets</b>					
Cash and cash equivalents	2,059,150	-	-	-	2,059,150
Receivable against sale of investment	-	5,141	-	-	5,141
	<u>2,059,150</u>	<u>5,141</u>	<u>-</u>	<u>-</u>	<u>2,064,291</u>
<b>Financial Liabilities</b>					
Accrued management fee	-	-	125,842	-	125,842
Accruals and other liabilities	-	-	181,172	-	181,172
Payable against purchase of investment	-	215,552	-	-	215,552
	<u>-</u>	<u>215,552</u>	<u>307,014</u>	<u>-</u>	<u>522,566</u>
<b>Liquidity gap</b>	<u>2,059,150</u>	<u>(210,411)</u>	<u>(307,014)</u>	<u>-</u>	<u>1,541,725</u>

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. As at 30 June 2021, the Fund's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Fund due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the interim statement of financial position which is SAR 1.75 million (2020: SAR 2.06 million). The Fund does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The credit risk on cash at bank is limited because the counterparties are local bank with investment grade credit-ratings.

**7 LAST VALUATION DAY**

In accordance with the Terms and Conditions of the Fund, the last valuation day for the period was 30 June 2021.

**8 IMPACTS OF COVID-19 ON THE FUND**

The COVID-19 pandemic developed rapidly since 2020, with a significant number of cases. Measures taken by the Government to contain the virus have affected economic activity. The Fund Manager has taken several measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for employees (such as social distancing and working from home) and securing the supply of materials that are essential to the Fund's operations.

The Fund Manager expects the situation to normalize in the near future. However, due to the decline in international gold prices, the value of the gold owned by the Fund has declined during the current period ended 30 June 2021. The Fund Manager will continue to follow the Government policies and advice and, in parallel, will do utmost to continue Fund's operations in the best and safest way possible without jeopardising the health of employees.

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

These interim condensed financial statements were approved by the Fund Board on 15 August 2021.