

**MUSCAT CAPITAL GCC DIVIDEND
GROWTH FUND
(Open-Ended Fund)
(MANAGED BY MUSCAT CAPITAL)**

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND
(Open-ended fund)
(MANAGED BY MUSCAT CAPITAL)

INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2020

	PAGES
INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS	2
INTERIM STATEMENT OF FINANCIAL POSITION	3
INTERIM STATEMENT OF COMPREHENSIVE LOSS	4
INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)	5
INTERIM STATEMENT OF CASH FLOWS	6
INTERIM NOTES TO THE FINANCIAL STATEMENTS	7-16

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**TO THE UNITHOLDERS OF
MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND****INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of Muscat Capital GCC Dividend Growth Fund (the "Fund") managed by Muscat Capital (the "Fund Manager") as at 30 June 2020 and the related interim statement of comprehensive loss, interim statement of changes in net assets (Equity) attributable to the unitholders and interim statement of 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.

For **Al-Bassam & Co.**

Ibrahim Ahmed Al-Bassam
Certified Public Accountant
License No. 337



08 Muharram 1442H
27 August 2020G
Riyadh, Kingdom of Saudi Arabia

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

(Amounts in Saudi Riyals)

	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Cash and cash equivalents	6, 9	1,598,564	2,650,751
Investments carried at fair value through profit or loss (FVTPL)	7	57,319,023	50,430,102
Dividend receivable		85,088	-
Total assets		59,002,675	53,080,853
LIABILITIES			
Accrued management fee	9	210,526	202,039
Other accrued expenses	9	76,193	27,805
Total liabilities		286,719	229,844
Net assets (equity) attributable to the unitholders		58,715,956	52,851,009
Units in issue (in numbers)	8	6,398,725	5,286,574
Net asset value per unit		9.18	10.00

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

INTERIM STATEMENT OF COMPREHENSIVE LOSS

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

		For the six- month period ended 30 June 2020 (Unaudited)	For the period from 21 April 2019 (Date of commencement) to 30 June 2019 (Unaudited)
	Note		
Income			
Dividend income		1,221,136	245,301
Realized and unrealized loss on FVTPL investments			
- Realized loss on disposal of FVTPL investments		(4,621,291)	(122,066)
- Unrealized loss on FVTPL investments	7	(1,264,799)	(638,006)
Foreign currency exchange loss		(116,908)	(29,353)
		<u>(4,781,862)</u>	<u>(544,124)</u>
Expenses			
Management fees	9	415,157	148,684
Other expenses	9	149,159	52,505
		<u>564,316</u>	<u>201,189</u>
Net loss for the period		<u>(5,346,178)</u>	<u>(745,313)</u>
Other comprehensive income		-	-
Total comprehensive loss for the period		<u>(5,346,178)</u>	<u>(745,313)</u>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

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INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

	For the six-month period ended 30 June 2020 (Unaudited)	For the period from 21 April 2019 (Date of commencement) to 30 June 2019 (Unaudited)
Balance at the beginning of the period	52,851,009	-
Total comprehensive loss for the period	(5,346,178)	(745,313)
Changes from unit transactions		
Proceeds from issuance of units	11,211,125	56,027,158
Payment towards units redeemed	-	-
Net change from unit transactions	11,211,125	56,027,158
Net assets (equity) attributable to the unitholders at the end of the period	58,715,956	55,281,845

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

		For the six-month period ended 30 June 2020	For the period from 21 April 2019 (Date of commencement) to 30 June 2019
	Note	(Unaudited)	(Unaudited)
Cash flows from operating activities:			
Net loss for the period		(5,346,178)	(745,313)
Adjustments for:			
- Unrealized loss on FVTPL investments	7	1,264,799	638,006
		<u>(4,081,379)</u>	<u>(107,307)</u>
Net changes in operating assets and liabilities:			
Investments carried at FVTPL		(8,153,720)	(53,254,440)
Receivable from sale of investments		-	(398,016)
Dividend receivable		(85,088)	(63,911)
Accrued management fee		8,487	148,684
Other accrued expenses		48,388	38,303
		<u>(12,263,312)</u>	<u>(53,636,687)</u>
Cash flows from financing activities:			
Proceeds from issuance of units		11,211,125	56,027,158
		<u>11,211,125</u>	<u>56,027,158</u>
Net change in cash and cash equivalents:			
Cash and cash equivalents at beginning of the period	6	(1,052,187)	2,390,471
		<u>2,650,751</u>	<u>-</u>
Cash and cash equivalents at end of the period	6	<u>1,598,564</u>	<u>2,390,471</u>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

1. THE FUND AND ITS ACTIVITIES

The Muscat Capital GCC Dividend Growth Fund (the "Fund") is an open-ended mutual fund established and managed through an agreement between Muscat Capital Company - a Saudi Closed Joint Stock Company (the "Fund Manager"), a wholly owned subsidiary of Bank Muscat (SAOG) incorporated in the Sultanate of Oman, and the Fund Investors (the "Unit holders").

The Fund commenced its operations on 16 Sha'ban 1440H (corresponding to 21 April, 2019).

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

The principal investment objective of the Fund is to invest in Sharia-compliant money market funds, placements and other money market instruments issued and traded in GCC capital markets in order to maximize medium-term capital growth while preserving the invested capital by investing in Saudi Riyal, US dollar and GCC currencies.

Units were offered at a price of SAR 10 per unit, with a minimum initial subscription amount to SAR 1,000.

The following are the basis of fees, charges and other expenses:

Management fees

Payable to the Muscat Capital "Fund Manager" equal to 1.5% of the Fund's Net Asset Value ("NAV"), which is calculated on a daily basis. Management fee is payable on quarterly basis.

Custodian fees

Payable by the Fund to the Riyadh Capital Company 'the Custodian', a CMA-licensed Company under license No. 37-07070, at a minimum rate of 0.06% and maximum rate of 0.20% and average rate of 0.13% per annum at Fund's net asset value according to the market in which the securities are held. The fee is calculated daily and paid at the end of each calendar month with a minimum of SR 1,250 per month.

Administrative fees

Payable by the Fund to the Fund Manager equal to 0.06% of the Fund's Net Asset Value ("NAV"), which is calculated on a daily basis and payable on a quarterly basis.

Dealing charges

The Fund shall bear all dealing fees and brokerage commissions incurred for buying and selling of securities.

Other expenses

The Fund shall be responsible for its other administrative, professional, regulatory and operating expenses which include, but not limited to, Auditors, Sharia Committee, Board Members and annual report fees, subject to a cap of SAR 200,000 per annum. This cap does not include the management, custodian, dealing charges, administrative and any other leverage related fees.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by Capital Market Authority (CMA) 3 Dhul Hijja 1427H (corresponding to 24 December 2006) which was amended on 16 Shaban 1437 (corresponding to 23 May 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia.

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

3. SUBSCRIPTION/ REDEMPTION

The Fund is open for dealing before 12:00 pm on Monday and Wednesday (each day a “Dealing Day”). The net asset value of the Fund is determined on each working day's closing prices (each “Valuation Day”). The unit price is calculated by subtracting the liabilities from the total assets value, then dividing the result (NAV) by the number of units outstanding on a 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” (“IAS 34”) that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organisation of Certified Public Accountants (“SOCPA”).

Assets and liabilities in the interim statement of financial position are presented in the order of liquidity.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund’s annual financial statements as at 31 December 2019. The results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

4.2 *Basis of measurement*

These interim condensed financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit and loss.

4.3 *Functional and presentation currency*

Items included in the interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in Saudi Arabian Riyal (“SAR”) which is the Fund’s functional and presentation currency.

4.3.1 *Foreign currency transactions and balances*

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at the interim statement of financial position date. Foreign exchange gains and losses arising from translation are included in the interim statement of comprehensive income.

4.4 *Significant accounting estimates and judgements*

In preparing these interim condensed financial statements, the significant judgments made by the management in applying the Fund’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 31 December 2019, except for the estimate described below:

Measurement of the expected credit loss allowance

In the preparation of the interim condensed financial statements, management has made certain additional assumptions in the measurement of Expected Credit Loss (ECL). However, in view of the current uncertainty due to COVID-19, any future change in the assumptions and key estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the financial statements of the Fund for the year 31 December 2019.

6 CASH AND CASH EQUIVALENTS

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Balances with financial institution	6.1, 9	1,598,564	2,650,751
Total		1,598,564	2,650,751

6.1 Cash balances are held in investment account with Riyadh Capital (the “Custodian”). The Fund does not earn profit on this account.

7 INVESTMENTS CARRIED AT FVTPL

	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Cost	Market value	Cost	Market value
Equity investments (Note 11.1a)	58,583,822	57,319,023	47,650,967	50,430,102

Industry sector

	30 June 2020 (Unaudited)		
	Cost	Market value	%
Banks and financial services	18,305,162	16,151,562	28%
Retail	7,451,234	7,384,506	13%
Telecom and IT	4,770,677	5,043,824	9%
Petrochemicals	3,996,573	4,666,299	8%
Insurance	4,157,059	4,433,260	8%
Health care	3,184,232	4,074,169	7%
Foods	2,430,694	2,774,310	5%
Real estate	2,948,234	2,709,905	5%
Energy and utilities	2,290,295	2,275,000	4%
Transport	2,321,739	1,936,689	3%
Consumer services	1,903,587	1,667,250	3%
Building and construction	1,389,111	1,437,118	3%
Electricity	1,827,877	1,423,247	2%
Cement	1,607,348	1,341,884	2%
	58,583,822	57,319,023	100%

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

7 INVESTMENTS CARRIED AT FVTPL (continued)

Industry sector	31 December 2019 (Audited)		
	Cost	Market value	%
Banks and financial services	21,085,711	22,344,747	44%
Retail	7,000,132	7,106,922	14%
Cement	3,116,892	3,399,281	7%
Transport	1,959,651	2,189,927	4%
Real estate	1,720,650	2,035,347	4%
Telecom and IT	2,218,551	1,988,580	4%
Foods	1,453,770	1,899,326	4%
Electricity	1,603,597	1,827,746	3%
Consumer services	1,414,620	1,622,000	3%
Petrochemicals	1,686,231	1,543,947	3%
Health care	1,236,992	1,320,000	3%
Insurance	1,286,860	1,285,120	3%
Agriculture and food industry	1,135,868	1,061,487	2%
Energy and utilities	731,442	805,672	2%
	47,650,967	50,430,102	100%

8 UNIT TRANSACTIONS

Transactions in units for the period are summarized as follows:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Units at the beginning of the period	5,286,574	-
Units issued	1,112,151	6,051,939
Units redeemed	-	(765,365)
Net changes in units	6,398,725	5,286,574
Units at the end of the period	6,398,725	5,286,574

9 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The significant related party transactions entered into by the Fund during the period are as follows:

Related party	Nature of relationship	Nature of transaction	June 2020 (Unaudited)	June 2019 (Unaudited)
Muscat Capital Company	Fund manager	- Management fee (see Note 1)	415,157	148,684
		- Administration fee (see Note 1)	16,606	5,947
Riyad Capital	Affiliate	- Custodian fee (see Note 1)	55,058	12,713
Board members		- Board meeting fee	9,945	5,474

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The balances resulting from related party transactions are as follows:

Related party	Nature of relationship	Nature of transaction	Note	June 2020 (Unaudited)	December 2019 (Audited)
Muscat Capital Company	Fund manager	- Management fee		(210,526)	(202,039)
		- Administration fee *		(7,866)	(8,081)
Riyad Capital	Affiliate	- Custodian fee *		(4,625)	(2,896)
		- Balances with financial institution	6	1,598,564	2,650,751
Board members		- Board meeting fee *		(24,945)	(15,000)

* These balances have been recorded under other accrued expenses.

10 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2020 (Unaudited)

Assets as per statement of financial position

	FVTPL	Amortized cost
Cash and cash equivalents	-	1,598,564
Investment carried at FVTPL	57,319,023	-
Dividend receivable	-	85,088
Total	57,319,023	1,683,652

31 December 2019 (Audited)

Assets as per statement of financial position

	FVTPL	Amortized cost
Cash and cash equivalents	-	2,650,751
Investment carried at FVTPL	50,430,102	-
Total	50,430,102	2,650,751

All financial liabilities as at 30 June 2020 and 31 December 2019 are classified as financial liabilities measured at amortized cost category.

11 FINANCIAL RISK MANAGEMENT

11.1 Financial risk factors

The objective of the Funds is to continue to provide optimum returns to its unitholders. The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

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

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

11 FINANCIAL RISK MANAGEMENT (continued)

11.1 Financial risk factors (continued)

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(a) Market risk

(i) Foreign exchange risk

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.

Fund's financial assets carried at fair value through profit or loss were in the following currencies:

Currency	Country	30 June 2020 (Unaudited)	
		%	Fair value
SAR	Kingdom of Saudi Arabia	74%	42,351,252
AED	United Arab Emirates	13%	7,496,268
KWD	Kuwait	11%	6,048,256
OMR	Sultanate of Oman	2%	1,423,247
		100%	57,319,023

Currency	Country	31 December 2019 (Audited)	
		%	Fair value
SAR	Kingdom of Saudi Arabia	62%	31,067,220
AED	United Arab Emirates	21%	10,569,127
KWD	Kuwait	14%	6,966,009
OMR	Sultanate of Oman	3%	1,827,746
		100%	50,430,102

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Fund does not have significant cash flow commission rate risk as it does not have any significant amount of variable rate financial instruments.

The Fund is not exposed to fair value commission rate risk as the financial instruments of the Fund are carried at amortized cost other than investment carried at fair value through profit and loss which does not have commission rate risk.

(iii) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its listed financial instruments. The Fund manages this risk through diversification of its investment portfolio in terms of geographical distribution, as disclosed in the table in foreign exchange risk above and industry concentration as follows:

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

11 FINANCIAL RISK MANAGEMENT (continued)

11.1 Financial risk factors (continued)

(a) Market risk

(iii) Price risk

The effect on the net assets value (equity) (as a result of the change in the fair value of investments as at 30 June 2020 and 31 December 2019) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows

	30 June 2020 (Unaudited)	
	Potential reasonable change %	Effect on NAV
Banks and financial services	+/- 1%	+/- 161,516
Retail	+/- 1%	+/- 73,845
Telecom and IT	+/- 1%	+/- 50,438
Petrochemicals	+/- 1%	+/- 46,663
Insurance	+/- 1%	+/- 44,333
Health care	+/- 1%	+/- 40,742
Foods	+/- 1%	+/- 27,743
Real estate	+/- 1%	+/- 27,099
Energy and utilities	+/- 1%	+/- 22,750
Transport	+/- 1%	+/- 19,367
Consumer services	+/- 1%	+/- 16,673
Building and construction	+/- 1%	+/- 14,371
Electricity	+/- 1%	+/- 14,232
Cement	+/- 1%	+/- 13,419

	31 December 2019 (Audited)	
	Potential reasonable change %	Effect on NAV
Banks and financial services	+/- 1%	+/- 223,447
Retail	+/- 1%	+/- 71,069
Cement	+/- 1%	+/- 33,993
Transport	+/- 1%	+/- 21,899
Real estate	+/- 1%	+/- 20,353
Telecom and IT	+/- 1%	+/- 19,886
Foods	+/- 1%	+/- 18,993
Electricity	+/- 1%	+/- 18,277
Consumer services	+/- 1%	+/- 16,220
Petrochemicals	+/- 1%	+/- 15,439
Health care	+/- 1%	+/- 13,200
Insurance	+/- 1%	+/- 12,851
Agriculture and food industry	+/- 1%	+/- 10,615
Energy and utilities	+/- 1%	+/- 8,057

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

11 FINANCIAL RISK MANAGEMENT (continued)

11.1 Financial risk factors (continued)

(b) Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Its Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The credit quality of the Fund's balance with financial institutions is assessed with reference to external credit ratings. The balances with financial institutions along with credit ratings are tabulated below.

Rating of Financial Institution	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Balance with financial institution		
Unrated	1,598,564	2,650,751
	1,598,564	2,650,751

The following table shows maximum exposure to credit risk for the components of the interim statement of financial position

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Balances with financial institution	6	1,598,564	2,650,751
Dividend receivable		85,088	-

The management has conducted a review as required under IFRS 9 and based on an assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents and dividend receivable.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Valuation Day and it is, therefore, exposed to the liquidity risk of meeting redemptions at any time. The Fund's securities are considered to be readily realizable and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to ensure sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by obtaining financing from the related parties of the Fund.

The remaining contractual maturities at the reporting date of the Fund's financial liabilities consisting of accrued management fee and other accrued expenses are shown below:

	30 June 2020 (Unaudited)		
	Less than 1 year	More than 1 year	Total
Accrued management fee	210,526	-	210,526
Other accrued expenses	76,193	-	76,193
TOTAL LIABILITIES	286,719	-	286,719

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

11 FINANCIAL RISK MANAGEMENT (continued)

11.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	31 December 2019 (Audited)		
	Less than 1 year	More than 1 year	Total
Accrued management fee	202,039	-	202,039
Other accrued expenses	27,805	-	27,805
TOTAL LIABILITIES	229,844	-	229,844

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders.

11.2 Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

As of June 30, 2020, the Fund's financial instruments comprise cash and cash equivalent, Investment carried at fair value through profit and loss, dividend receivable, accrued management fee and other accrued expenses. Except for Investments carried at fair value through profit or loss, all the financial instruments are measured at amortised cost and their carrying value is a reasonable approximate of fair value. Investments carried at fair value through profit or loss are held in level 1 hierarchy of fair value

12 EVENTS AFTER THE END OF THE REPORTING PERIOD

In accordance, with the approved terms and conditions of the Fund, on 09 August 2020, the Fund's board of directors recommended to distribute dividends with regards to the period ended 30 June 2020 amounting to SR 587,422 to its unitholders.

13 SIGNIFICANT STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and interpretations have been issued but are not yet effective. The Fund intends to adopt all the applicable standards and interpretations when these become effective. The Fund manager has assessed the impact of these new standards and interpretations and believes that none of these would have any effect on the future financial statements of the Fund.

14 CHANGES IN FUND'S TERMS AND CONDITIONS

There has been no change in the terms and conditions of the Fund during the period ended 30 June 2020.

MUSCAT CAPITAL GCC DIVIDEND GROWTH FUND

(Open-ended fund)

(MANAGED BY MUSCAT CAPITAL)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(Amounts in Saudi Riyals)

15 LAST VALUATION DAY

In accordance with the Terms and Conditions of the Fund, the last valuation day of the period was 29 June 2020 (2019: 31 December 2019). There is no material change in the net assets (equity) attributable to each unit of the Fund between last valuation day and its financial period end i.e. 30 June 2020.

16 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund's Board on 25 August 2020 (Corresponding to 6 Muharram 1442H).