

**Al Hilal Global Balanced Fund**  
(under liquidation)

INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2020

## **Al Hilal Global Balanced Fund (under liquidation)**

### **Interim condensed financial statements**

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## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**

### **TO THE UNIT HOLDERS OF AL HILAL GLOBAL BALANCED FUND (under liquidation)**

#### *Introduction*

We have reviewed the accompanying interim condensed financial statements of Al Hilal Global Balanced Fund (“the Fund”) as at 30 June 2020, comprising of the interim condensed statement of financial position as at 30 June 2020 and the related interim condensed statements of comprehensive income, changes in net asset attributable to unit holders and cash flows for six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the liquidation basis of accounting as set out in the accounting policies stated in note 2.1 to the interim condensed financial statements. 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.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the liquidation basis of accounting as set out in the accounting policies stated in note 2.1 to the interim condensed financial statements.

#### *Emphasis of Matter*

We draw attention to note 2.1 to the interim condensed financial statements, which describes that the Fund Manager has decided to liquidate the Fund and accordingly, the interim condensed financial statements have been prepared on a liquidation basis. Our conclusion is not modified in respect of this matter.

#### *Emphasis of matter - Basis of Accounting and Restriction on Use*

We draw attention to note 2.1 to the interim condensed financial statements, which describes the basis of accounting. The interim condensed financial statements are prepared to meet the Fund’s reporting requirements. As a result, the interim condensed financial statements may not be suitable for any other purpose. Our conclusion is not modified in respect of this matter.

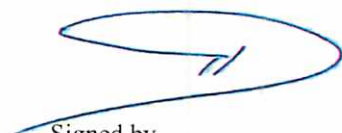
**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**

**TO THE UNIT HOLDERS OF AL HILAL GLOBAL BALANCED FUND (under liquidation)**

*Other matter*

The financial statements of the Fund for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 5 April 2020.

The condensed financial statements of the Fund for the period ended 30 June 2019 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 8 August 2019.



Signed by  
Raed Ahmad  
Partner  
Ernst & Young  
Registration No. 811

17 August 2020  
Abu Dhabi

## Al Hilal Global Balanced Fund (under liquidation)

### INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2020 (Unaudited)

	<i>Note</i>	<i>Six months ended 30 June 2020 USD</i>	<i>Six months ended 30 June 2019 USD</i>
<b>Investment income</b>			
Dividend income		<b>261,408</b>	114,673
Net unrealized (loss) gain on financial assets at fair value through profit or loss		<b>(401,505)</b>	1,492,166
Net realised gain (loss) on financial assets at fair value through profit or loss		<b>110,441</b>	(127,048)
Sukuk profit distribution		<b>7,096</b>	-
Net foreign exchange gain (loss)		<b>3,235</b>	(11,534)
Other income		<u>-</u>	<u>3677</u>
<b>Total (loss) income</b>		<b><u>(19,325)</u></b>	<b><u>1,471,934</u></b>
<b>Operating expenses</b>			
Investment management fees	6	<b>(96,775)</b>	(109,980)
Other operating income (expenses)		<b><u>67,330</u></b>	<u>(52,244)</u>
<b>Total operating expenses</b>		<b><u>(29,445)</u></b>	<b><u>(162,224)</u></b>
<b>(DECREASE) INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b><u>(48,770)</u></b>	<b><u>1,309,710</u></b>

The attached notes 1 to 10 form an integral part of these interim condensed financial statements.


Al Hilal Global Balanced Fund (under liquidation)

INTERIM CONDENSED STATEMENT OF NET ASSETS IN LIQUIDATION  
At 30 June 2020

مصرف الهلال  
al hilal bank

		30 June 2020 USD (Unaudited)	31 December 2019 USD (Audited)
<b>ASSETS</b>			
Bank balances	4	536,962	1,306,784
Investments at fair value through profit or loss	5	12,798,499	14,987,388
Other assets		<u>9,695</u>	<u>15,847</u>
		<b><u>13,345,156</u></b>	<b><u>16,310,019</u></b>
<b>LIABILITIES</b>			
Amounts due to related parties	6	100,228	153,652
Other liabilities	7	<u>40,065</u>	<u>90,472</u>
		<b><u>140,293</u></b>	<b><u>244,124</u></b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b><u>13,204,863</u></b>	<b><u>16,065,895</u></b>
<b>Net Asset Value (NAV) per unit, based on 1,548,005 outstanding units (2019: 1,562,511 units)</b>	8	<b><u>8.53</u></b>	<b><u>10.28</u></b>

  
Fund Advisory Board Member

  
Fund Advisory Board Member

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The attached notes 1 to 10 form an integral part of these interim condensed financial statements.

## Al Hilal Global Balanced Fund (under liquidation)

### INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION

For the six month period ended 30 June 2020 (unaudited)

	<i>Number of units (Unaudited)</i>	<i>Net assets attributable to unit holders USD (Unaudited)</i>
Balance as at 1 January 2019 (audited)	1,591,637	13,696,356
Redemption of units during the period	(23,126)	(208,159)
Increase in net assets attributable to unit holders	<u>-</u>	<u>1,309,710</u>
Balance as at 30 June 2019 (unaudited)	<u>1,568,511</u>	<u>14,797,907</u>
Balance as at 1 January 2020 (audited)	1,562,511	16,065,895
Redemption of units during the period	(14,506)	(144,869)
Dividend paid during the period	-	(2,667,393)
Decrease in net assets attributable to unit holders	<u>-</u>	<u>(48,770)</u>
Balance as at 30 June 2020 (unaudited)	<b><u>1,548,005</u></b>	<b><u>13,204,863</u></b>

The attached notes 1 to 10 form an integral part of these interim condensed financial statements.

## Al Hilal Global Balanced Fund (under liquidation)

### INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2020 (Unaudited)

	<i>30 June</i> <i>2020</i> <i>USD</i> <i>(Unaudited)</i>	<i>30 June</i> <i>2019</i> <i>USD</i> <i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>		
(Decrease) increase in net assets attributable to unit holders	<b>(48,770)</b>	1,309,710
Adjustment for:		
Net unrealised loss (gain) on financial assets at fair value through profit or loss	<b>401,505</b>	(1,492,166)
Net realized gain on financial assets at fair value through profit or loss	<b>(110,441)</b>	127,048
Sukuk profit distribution	<b>(7,096)</b>	-
	<b>235,198</b>	(55,408)
Working capital changes:		
Change in other assets	<b>6,331</b>	(17,682)
Change in amounts due to related parties	<b>(53,424)</b>	8,256
Change in other liabilities	<b>(50,407)</b>	(7,298)
Cash generated from (used in) operations	<b>137,698</b>	(72,132)
Purchase of investment securities	<b>(1,012,215)</b>	(1,357,559)
Proceeds from sale of investment securities	<b>2,910,040</b>	695,491
Sukuk profit received	<b>6,917</b>	-
Net cash from (used in) operating activities	<b><u>2,042,440</u></b>	<b><u>(734,200)</u></b>
<b>FINANCING ACTIVITIES</b>		
Payments on redemption of redeemable units	<b>(144,869)</b>	(208,159)
Dividend paid during the period	<b>(2,667,393)</b>	-
Net cash used in financing activities	<b><u>(2,812,262)</u></b>	<b><u>(208,159)</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(769,822)</b>	(942,359)
Cash and cash equivalents at the beginning of the period	<b><u>1,306,784</u></b>	<u>2,117,797</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>536,962</u></b>	<u>1,175,438</u>

The attached notes 1 to 10 form an integral part of these interim condensed financial statements.



# Al Hilal Global Balanced Fund (under liquidation)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2020

### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Hilal Global Balanced Fund (the “Fund”) is an open-ended investment fund established in the United Arab Emirates (“UAE”) by Al Hilal Bank PJSC – The Investment Group (the “Fund Manager”) pursuant to the approval of the Securities and Commodities Authority (“SCA”) of the UAE dated 23 April 2014. The Fund is not a separately incorporated entity and its activities are managed by the Fund Manager. The custody of the Fund is delegated to Standard Chartered Bank (the “Custodian”) and the administration services is delegated to Apex Fund Services Ltd. (the “Fund Administrator”). The Fund Manager’s registered office is P O Box 63111, Abu Dhabi, United Arab Emirates.

The Fund aims at generating appropriate periodic revenues on its investments, giving the unit holders a chance to receive periodic dividends in order to achieve long-term capital growth by investing in a globally diversified portfolio of high dividend yield stocks and Sharia-compliant stocks and fixed income securities (e.g. Sukuks) and in accordance with the controls stipulated in the Investment Guidelines.

The interim condensed financial statements were approved and authorised for issue by the Advisory Board of the Fund on \_\_\_\_\_.

### 2 BASIS OF PREPARATION

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with liquidation basis of accounting and should be read in conjunction with the Fund’s annual financial statements as at 31 December 2019. In addition, 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.

These interim condensed financial statements have been presented in United States Dollar (USD) which is the functional and presentation currency of the Fund.

#### 2.1 LIQUIDATION BASIS OF ACCOUNTING (FROM 31 JULY 2019)

On 31 July 2019, the Fund Manager resolved to cease the Fund’s operations and realise its assets and liabilities. The Fund requested the revocation of its license from the Securities & Commodities Authority (SCA). The expected date of liquidation is September 2020. Consequently, the Fund has prepared these interim condensed financial statements in accordance with the liquidation basis of accounting.

The interim condensed financial statements of the Fund applying the liquidation basis reflect the amount of cash that holders of redeemable units might reasonably expect to receive after the Fund’s assets have been liquidated and liabilities have been settled. There were no contractual commitments that have become onerous because of the decision to close and liquidate the Fund; accordingly, no liability has been recognised in this regard. Upon adoption of the liquidation basis, the Fund accrued all costs it reasonably expected to incur, including those from any remaining operating activities, until its liquidation is complete. As the future performance of the Fund’s investments is unknown, the Fund has not accrued for any future management fees. Similarly, future potential income has not been accounted for.

When an entity has adopted the liquidation basis of accounting, its financial statement requirements change from a statement of financial position and statement of net assets attributable to holders of redeemable units to a statement of net assets in liquidation and a statement of changes in net assets in liquidation because these formats better reflect the needs of the users of the financial statements.

The interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the six month period ended 30 June 2019, prior to the Fund Manger’s resolution to cease operations of the Fund. The financial information had been prepared on the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value.

# Al Hilal Global Balanced Fund (under liquidation)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2020

### **2 BASIS OF PREPARATION** continued

#### **2.2 GOING CONCERN BASIS OF ACCOUNTING (UNTIL 31 JULY 2019)** continued

Subsequent to 30 June 2020, the Fund Manager has received approval for liquidation of the Fund on 5 August 2020. The Fund has to be liquidated within 45 days from the approval date and from the approval date onwards units of the Fund cannot be issued or redeemed until completion of the liquidation.

### **3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the interim condensed financial statements requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial and other assets and liabilities and the disclosure of commitments. These judgments, estimates and assumptions also affect the income, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty are the same as those applied to the financial statements as at and for the year ended 31 December 2019.

#### **Key sources of estimation uncertainty**

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. In addition, oil prices significantly dropped in January to March 2020 due to a number of political and economic factors. As a result, businesses have subsequently seen reduced customer traffic and, where governments mandated, temporary suspension of travel and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the UAE Government, Central Bank and other independent jurisdictions and regulators have taken measures and issued directives to support businesses and the UAE economy at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the UAE.

The situation, including the government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of approval of these financial statements. Notwithstanding, these developments could impact our future financial results, cash flows and financial position.

# Al Hilal Global Balanced Fund (under liquidation)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2020

### 4 BANK BALANCES

	<i>30 June 2020 USD (Unaudited)</i>	<i>31 December 2019 USD (Audited)</i>
Bank balances (note 6)	<u><b>536,962</b></u>	<u>1,306,784</u>

### 5 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund's financial assets at FVTPL comprise of the following investments that are held for trading:

	<i>30 June 2020 USD (Unaudited)</i>	<i>31 December 2019 USD (Audited)</i>
Equity shares - listed	<b>8,463,128</b>	10,807,119
Investment in fund (note 6)	<b>3,565,241</b>	3,815,089
Sukuk investments	<u><b>770,130</b></u>	<u>365,180</u>
	<u><b>12,798,499</b></u>	<u>14,987,388</u>

Movement in the balance of financial assets at FVTPL during the period/ year is as follows:

	<i>30 June 2020 USD (Unaudited)</i>	<i>31 December 2019 USD (Audited)</i>
Balance at the beginning of the period / year	<b>14,987,388</b>	11,786,462
Purchases during the period / year	<b>1,012,215</b>	1,357,559
Sales during the period / year	<b>(2,910,040)</b>	(937,336)
Net unrealised (loss) gain on financial assets at FVTPL	<b>(401,505)</b>	2,824,934
Net realised gain (loss) on financial assets at FVTPL	<u><b>110,441</b></u>	<u>(44,231)</u>
Balance at period / year end	<u><b>12,798,499</b></u>	<u>14,987,388</u>

Investments by geography are as follows:

	<i>30 June 2020 USD (Unaudited)</i>	<i>31 December 2019 USD (Audited)</i>
USA	<b>5,876,343</b>	8,045,332
UAE	<b>3,565,241</b>	3,815,089
Japan	<b>600,949</b>	625,028
Indonesia	<b>401,016</b>	-
Switzerland	<b>373,359</b>	365,180
Cayman Islands	<b>369,114</b>	353,405
Germany	<b>341,234</b>	375,631
Netherlands	<b>147,387</b>	167,326
Others (France, China, Taiwan, UK)	<u><b>1,123,856</b></u>	<u>1,240,397</u>
	<u><b>12,798,499</b></u>	<u>14,987,388</u>

# Al Hilal Global Balanced Fund (under liquidation)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2020

### 6 RELATED PARTY TRANSACTIONS

#### *Identity of related parties*

Related parties comprise members of the Fund Advisory Board, the Sharia Supervisory Board, the Fund Manager and those entities over which the Fund, members of the Fund Advisory Board, the Sharia Supervisory Board, and the Fund Manager can exercise control or significant influence or be controlled or significantly influenced by such entities including the funds that are managed by the Fund Manager. In the ordinary course of business, the Fund renders and receives services from such related parties at agreed rates and terms and conditions set out by the Fund Manager.

#### *Terms and conditions*

Key terms and conditions are shown below:

Banking	The Fund Manager provides banking services at rates agreed with the Fund.
Others	The Fund Manager is entitled to investment management fees of 2% of net asset value attributable to unit holders as set out in the Funds' term sheet excluding the investments in funds managed by the Fund Manager.

Balances with related parties included in the interim condensed statement of financial position are as follows:

	<i>30 June 2020 USD (Unaudited)</i>	<i>31 December 2019 USD (Audited)</i>
Bank balances (note 4)	<u>536,962</u>	<u>1,306,784</u>
Investment in related party (note 5)	<u>3,565,241</u>	<u>3,815,089</u>
Value of redeemable units held by related party	<u>10,188,403</u>	<u>12,314,470</u>
Number of units held by related party	<u>1,194,420</u>	<u>1,194,420</u>
<i>Due to related parties</i>		
Investment management fees payable to the Fund Manager	100,228	63,391
Start-up costs payable	<u>-</u>	<u>90,261</u>
	<u>100,228</u>	<u>153,652</u>

Transactions with related parties during the period included in the interim condensed statement of comprehensive income are shown below:

	<i>Six months ended 30 June 2020 AED'000 (Unaudited)</i>	<i>Six months ended 30 June 2019 AED'000 (Unaudited)</i>
Investment management fees	<u>96,775</u>	<u>109,980</u>
Dividend income from investment in fund	<u>192,500</u>	<u>-</u>
Sharia fee	<u>-</u>	<u>7,611</u>

#### **Compensation of key management personnel**

The Fund is managed by the Fund Manager and there are no key management personnel of the Fund.

# Al Hilal Global Balanced Fund (under liquidation)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2020

### 7 OTHER LIABILITIES

	<i>30 June 2020 USD (Unaudited)</i>	<i>31 December 2019 USD (Audited)</i>
Redemption payable	-	10,300
Accrued expenses	<b>16,090</b>	51,370
Administration fee payable	<b>8,758</b>	2,610
Other payables	<u><b>15,217</b></u>	<u>26,192</u>
	<u><b>40,065</b></u>	<u>90,472</u>

### 8 NET ASSET VALUE

Net asset value is calculated by dividing net assets by the number of shares as of the period / year end:

	<i>30 June 2020 (Unaudited)</i>	<i>31 December 2019 (Audited)</i>
Net assets (USD)	<u><b>13,204,863</b></u>	<u>16,065,895</u>
Number of units outstanding	<u><b>1,548,005</b></u>	<u>1,562,511</u>
Net asset value per unit (USD)	<u><b>8.53</b></u>	<u>10.28</u>

The initial offering of units was at a price of USD 10 per unit (par value). Subsequent to the initial offering, the subscription and redemption price for units is based on the Net Asset Value (NAV) per unit calculated on every last business day of each week.

### 9 FAIR VALUES OF FINANCIAL INSTRUMENTS

#### Fair values

Carrying amounts of all the financial assets and liabilities approximated their fair values at the interim condensed statement of financial position date.

#### Fair value hierarchy

As at 30 June 2020 and 31 December 2019, the Fund held the following financial instruments measured at fair value:

	<i>Total USD</i>	<i>Level 1 USD</i>	<i>Level 2 USD</i>	<i>Level 3 USD</i>
<i>30 June 2020 (unaudited)</i>				
Financial assets at fair value through profit or loss	<u><b>12,798,499</b></u>	<u><b>12,798,499</b></u>	<u>=====</u>	<u>=====</u>
	<i>Total USD</i>	<i>Level 1 USD</i>	<i>Level 2 USD</i>	<i>Level 3 USD</i>
<i>31 December 2019 (audited)</i>				
Financial assets at fair value through profit or loss	<u>14,987,388</u>	<u>14,987,388</u>	<u>=====</u>	<u>=====</u>

During the period ended 30 June 2020, there were no transfers between or into Level 1, Level 2 and Level 3 fair value measurements (31 December 2019: nil).

## Al Hilal Global Balanced Fund (under liquidation)

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2020

#### **9 FAIR VALUES OF FINANCIAL INSTRUMENTS** continued

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

*Level 1:* quoted (unadjusted) prices in active markets for identical assets or liabilities.

*Level 2:* other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

*Level 3:* techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

#### **10 CONTINGENCIES AND COMMITMENTS**

The Fund has no significant contingent liabilities and commitments at the reporting date (31 December 2019: nil).