

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

FINANCIAL STATEMENTS

7 NOVEMBER 2020



Ernst & Young Middle East
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INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF AL HILAL GLOBAL BALANCED FUND (UNDER LIQUIDATION)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Hilal Global Balanced Fund ("the Fund"), which comprise the statement of net assets in liquidation as at 7 November 2020, and the statement of comprehensive income, statement of changes in net assets in liquidation and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 7 November 2020 and its financial performance and its cash flows for the period then ended in accordance with the liquidation basis of accounting as set out in the accounting policies stated in note 2.1 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the other ethical requirements that are relevant to our audit of the Fund's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting and restriction of use

We draw attention to note 2.1 to the financial statements, which describes that the Management has decided to liquidate the Fund and accordingly, the financial statements have been prepared on a liquidation basis. The financial statements are prepared to meet the Fund's reporting requirements. As a result, the financial statements may not be suitable for any other purposes. Our opinion is not qualified in respect of this matter.

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 statements on 5 April 2020.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the liquidation basis of accounting as set out in the accounting policies stated in note 2.1 to the financial statements, local laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. As disclosed in note 2.1, the management has decided to liquidate the Fund and, accordingly, has prepared the financial statements on a liquidation basis.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF AL HILAL GLOBAL BALANCED FUND (UNDER LIQUIDATION) continued

Report on the Audit of the Financial Statements continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Signed by
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532

28 December 2020
Abu Dhabi

Al Hilal Global Balanced Fund (under liquidation)

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 7 November 2020

	<i>Note</i>	<i>Period from 1 January to 7 November 2020 USD</i>	<i>Year ended 31 December 2019 USD</i>
Investment income			
Dividend income		314,622	248,034
Net unrealized gain on financial assets at fair value through profit or loss		-	2,824,934
Net realised gain (loss) on financial assets at fair value through profit or loss	6	798,278	(44,231)
Sukuk profit distribution		11,595	10,608
Net foreign exchange gain (loss)		4,057	(13,928)
Other income		<u>-</u>	<u>38</u>
Total income		<u>1,128,552</u>	<u>3,025,455</u>
Operating expenses			
Investment management fees	7	(141,451)	(226,793)
Other operating income (expenses)	4	<u>19,515</u>	<u>(159,164)</u>
Total operating expenses		<u>(121,936)</u>	<u>(385,957)</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>1,006,616</u>	<u>2,639,498</u>

The attached notes 1 to 12 form an integral part of these financial statements.

Al Hilal Global Balanced Fund (under liquidation)

STATEMENT OF NET ASSETS IN LIQUIDATION

At 7 November 2020



		<i>7 November</i>	<i>31 December</i>
	<i>Note</i>	<i>2020</i>	<i>2019</i>
		<i>USD</i>	<i>USD</i>
ASSETS			
Bank balances	5	-	1,306,784
Investments at fair value through profit or loss	6	-	14,987,388
Other assets		-	15,847
		<u>-</u>	<u>16,310,019</u>
LIABILITIES			
Amounts due to related parties	7	-	153,652
Other liabilities	8	-	90,472
		<u>-</u>	<u>244,124</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>-</u>	<u>16,065,895</u>
Net Asset Value (NAV) per unit, based on nil outstanding units (2019: 1,562,511 units)	9	<u>-</u>	<u>10.28</u>


Fund Advisory Board Member


Fund Advisory Board Member

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The attached notes 1 to 12 form an integral part of these financial statements.

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Al Hilal Global Balanced Fund (under liquidation)

STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION

For the period ended 7 November 2020

	<i>Number of units</i>	<i>Net assets attributable to unit holders USD</i>
Balance as at 1 January 2019	1,591,637	13,696,356
Redemption of units during the year	(29,126)	(269,959)
Increase in net assets attributable to unit holders	<u>-</u>	<u>2,639,498</u>
Balance as at 31 December 2019	<u>1,562,511</u>	<u>16,065,895</u>
Balance as at 1 January 2020	1,562,511	16,065,895
Dividend paid during the period (note 9)	-	(2,667,393)
Increase in net assets attributable to unit holders	-	1,006,616
Redemption of units during the period	<u>(1,562,511)</u>	<u>(14,405,118)</u>
Balance as at 7 November 2020	<u><u>-</u></u>	<u><u>-</u></u>

The attached notes 1 to 12 form an integral part of these financial statements.

Al Hilal Global Balanced Fund (under liquidation)

STATEMENT OF CASH FLOWS

For the period ended 7 November 2020

	<i>Notes</i>	<i>7 November 2020 USD</i>	<i>31 December 2019 USD</i>
OPERATING ACTIVITIES			
Increase in net assets attributable to unit holders		1,006,616	2,639,498
Adjustment for:			
Net unrealised gain on financial assets at fair value through profit or loss		-	(2,824,934)
Net realised (gain) loss on financial assets at fair value through profit or loss		<u>(798,278)</u>	<u>44,231</u>
		208,338	(141,205)
Working capital changes:			
Change in other assets		15,847	(10,221)
Change in amounts due to related parties		(153,652)	(23,004)
Change in other liabilities		<u>(90,472)</u>	<u>53,599</u>
Cash used in operations		(19,939)	(120,831)
Purchase of investment securities		(1,108,962)	(1,357,559)
Proceeds from sale of investment securities		<u>16,894,628</u>	<u>937,336</u>
Net cash from (used in) operating activities		<u>15,765,727</u>	<u>(541,054)</u>
FINANCING ACTIVITIES			
Payments on redemption of redeemable units		(14,405,118)	(269,959)
Dividend paid during the period		<u>(2,667,393)</u>	-
Net cash used in financing activities		<u>(17,072,511)</u>	<u>(269,959)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,306,784)	(811,013)
Cash and cash equivalents at the beginning of the period		<u>1,306,784</u>	<u>2,117,797</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u><u>-</u></u>	<u><u>1,306,784</u></u>

The attached notes 1 to 12 form an integral part of these financial statements.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 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 are 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 Fund is under liquidation and has obtained approval for liquidation from the Securities & Commodities Authority (SCA) and accordingly, the Fund has settled all its liabilities and realised all its assets as of 7 November 2020.

The financial statements were approved and authorised for issue by the Advisory Board of the Fund on 28 December 2020.

2 BASIS OF PREPARATION

These 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 has requested the revocation of its license from the Securities & Commodities Authority (SCA). The expected date of dissolution of the Fund is December 2020 and the Fund has realised its assets and liabilities as of 7 November 2020. Consequently, the Fund has prepared these financial statements in accordance with the liquidation basis of accounting.

The financial statements of the Fund applying the liquidation basis reflect the nil net assets as the Fund’s assets have been liquidated and liabilities have been settled as of 7 November 2020. 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. The Fund’s assets and liabilities are all settled and all units are redeemed as of reporting date, and only legal formalities need to be completed in order to dissolve the Fund.

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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) until 31 July 2019, the date when the Investment Manager resolved to cease operations of the Fund. The financial information has 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)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial assets and liabilities

All financial assets under scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Fund's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost, if both the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Fund may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

The fund has classified its investments as financial assets at fair value through profit or loss.

All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts; and
- commitments to provide a financing at a below-market profit rate.

At initial recognition, the Fund may irrevocably designate a financial asset or liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Fund is provided internally on that basis to the entity's key management personnel.

Reclassification of financial assets and financial liabilities

Where the Fund changes its business model for managing financial assets, it reclassifies all affected financial assets. An entity shall not reclassify any financial liability.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Measurement of financial assets

At initial recognition, financial assets are measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

After initial recognition, an entity shall measure a financial asset in accordance with its classification at:

- amortised cost less impairment;
- fair value through other comprehensive income less impairment; or
- fair value through profit or loss.

Impairment is assessed on the financial assets measured at amortised cost and at fair value through other comprehensive income for debt instruments as disclosed below.

Impairment of financial assets

In relation to the impairment of financial assets, the Fund applies the Expected Credit Loss (“ECL”) model. Under the expected credit loss model, the Fund accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised. The Fund has adopted the simplified approach for measuring the impairment on its financial assets. Under the simplified approach, the Fund measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

A loss allowance for expected credit losses is recognised on all classes of financial assets, other than those that are measured as fair value through profit or loss and equity instruments classified and measured at fair value through other comprehensive income. The financial assets subject to impairment requirements of IFRS 9, include bank balances and other assets.

Derecognition of financial assets

The Fund derecognises a financial asset only when:

- the contractual rights to the cash flows from the asset expire; or
- it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset.

Measurement of financial liabilities

Amounts due to related parties and other liabilities are classified as ‘financial liabilities’ and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective profit method, with profit expense recognised on an effective yield basis, except for short term liabilities when the recognition of profit is immaterial.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund’s obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets in liquidation if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise balances with banks with original maturities of less than three months. Cash and cash equivalents are carried at amortised cost in the statement of net assets in liquidation.

Net asset value per unit

The net asset value per unit is calculated by dividing the net assets included in the statement of net assets in liquidation by the closing number of units outstanding at year / period end.

Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Net gain (loss) from financial assets at fair value through profit or loss

Net gain (loss) from financial assets at fair value through profit or loss includes all realised gain (loss) and unrealised fair value changes and foreign exchange differences, but excludes dividend income.

Net realised gain (loss) from financial assets at fair value through profit or loss represents the difference between the closing price applicable on the last revaluation date and their sale/settlement price.

The unrealised gain (loss) represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or transaction price when purchased in the current reporting period and its fair value at the end of the reporting period.

Dividend income

Dividend income is recognised in the statement of comprehensive income when the right to receive income is established net of applicable tax on dividends. For quoted equity securities, this is usually the ex-dividend date.

Foreign currencies

Transactions in foreign currencies are recorded at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of net assets in liquidation date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency exchange differences arising on translation of foreign currencies are recognised in the statement of comprehensive income. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in net gain on investments at fair value through profit or loss.

Redeemable units

Redeemable units are classified as liabilities. In accordance with the Fund's prospectus, the redemption amounts of the redeemable units are based on last published net asset value. The net asset value includes the Fund's underlying investments, calculated using the closing prices. On the other hand, in accordance with the Fund's accounting policies, financial assets are measured at a bid price and financial liabilities are measured at the asking price.

Distributions to holders of redeemable shares comprise dividends declared and paid by the Fund to the holders of redeemable shares during the year. Dividends are at the discretion of the Fund.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Expenses

All expenses, including the management fees, administration fees, custodian fee, organisational costs and other operational expenses are recognised in the statement of comprehensive income on an accrual basis.

Subscription fees

Subscription fees are charged to unitholders by the Investment Manager at the time of issuance of units from the Fund.

Fair value measurement

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 market for the asset or liability

The principal or the most advantageous market must be accessible to by the Fund.

When available, the Fund measures the fair value of an instrument using quoted bid prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received.

Assets are measured at a bid price and liabilities are measured at an asking price.

All changes in fair value, other than dividend income, are recognised in the statement of comprehensive income as net gain or loss from financial instruments at fair value through profit or loss.

4 OTHER OPERATING INCOME (EXPENSES)

	<i>7 November</i> <i>2020</i> <i>USD</i>	<i>31 December</i> <i>2019</i> <i>USD</i>
Administration and custodian fees	(45,633)	(107,363)
Dividends withholding tax	(34,551)	(60,836)
Reversal for Sharia fees	-	27,616
Reversal of bank charges	152	-
Reversal of start-up cost	90,261	-
Reversal of accrued expenses	43,200	-
Others	<u>(33,914)</u>	<u>(18,581)</u>
	<u><u>19,515</u></u>	<u><u>(159,164)</u></u>

5 BANK BALANCES

	<i>7 November</i> <i>2020</i> <i>USD</i>	<i>31 December</i> <i>2019</i> <i>USD</i>
Bank balances (note 7)	<u><u>-</u></u>	<u><u>1,306,784</u></u>

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

6 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>7 November</i> 2020 <i>USD</i>	<i>31 December</i> <i>2019</i> <i>USD</i>
Equity shares - listed	-	10,807,119
Investment in fund (note 7)	-	3,815,089
Sukuk investments	<u>-</u>	<u>365,180</u>
	<u>-</u>	<u>14,987,388</u>

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

	<i>7 November</i> 2020 <i>USD</i>	<i>31 December</i> <i>2019</i> <i>USD</i>
Balance at the beginning of the period / year	14,987,388	11,786,462
Purchases during the period / year	1,108,962	1,357,559
Sales during the period / year	(16,894,628)	(937,336)
Net unrealised gain on financial assets at FVTPL	-	2,824,934
Net realised gain (loss) on financial assets at FVTPL	<u>798,278</u>	<u>(44,231)</u>
Balance at period / year end	<u>-</u>	<u>14,987,388</u>

Investments by geography are as follows:

	<i>7 November</i> 2020 <i>USD</i>	<i>31 December</i> <i>2019</i> <i>USD</i>
USA	-	8,045,332
UAE	-	3,815,089
Japan	-	625,028
Switzerland	-	375,631
Cayman Islands	-	365,180
Germany	-	353,405
Netherlands	-	167,326
Others	<u>-</u>	<u>1,240,397</u>
	<u>-</u>	<u>14,987,388</u>

7 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.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

7 RELATED PARTY TRANSACTIONS continued

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 statement of net assets in liquidation are as follows:

	<i>7 November</i> <i>2020</i> <i>USD</i>	<i>31 December</i> <i>2019</i> <i>USD</i>
Bank balances (note 5)	<u>-</u>	<u>1,306,784</u>
Investment in related party (note 6)	<u>-</u>	<u>3,815,089</u>
Value of redeemable units held by related party	<u>-</u>	<u>12,314,470</u>
Number of units held by related party	<u>-</u>	<u>1,194,420</u>
<i>Due to related parties:</i>		
Investment management fees payable to the Fund Manager	-	63,391
Start-up costs payable	<u>-</u>	<u>90,261</u>
	<u>-</u>	<u>153,652</u>

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

	<i>Period ended</i> <i>7 November</i> <i>2020</i> <i>USD</i>	<i>Year ended</i> <i>31 December</i> <i>2019</i> <i>USD</i>
Investment management fees	<u>141,451</u>	<u>226,793</u>
Sharia fee	<u>-</u>	<u>(27,616)</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 FINANCIAL STATEMENTS

At 7 November 2020

8 OTHER LIABILITIES

	<i>7 November 2020 USD</i>	<i>31 December 2019 USD</i>
Redemption payable	-	10,300
Accrued expenses	-	51,370
Administration fee payable	-	2,610
Other payables	<u>-</u>	<u>26,192</u>
	<u>-</u>	<u>90,472</u>

9 NET ASSET VALUE

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

	<i>7 November 2020</i>	<i>31 December 2019</i>
Net assets (USD)	<u>-</u>	<u>16,065,895</u>
Number of units outstanding	<u>-</u>	<u>1,562,511</u>
Net asset value per unit (USD)	<u>-</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. All units have been redeemed at 7 November 2020, and all net assets have been distributed.

Dividend

During the current period, the Fund has distributed dividend amounting to AED 2,667,393 (2019: AED nil).

10 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values

Carrying amounts of all the financial assets and liabilities approximated their fair values at the statement of net assets in liquidation date.

Fair value hierarchy

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.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

10 FAIR VALUES OF FINANCIAL INSTRUMENTS continued

Fair value hierarchy continued

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>7 November 2020</i>				
Financial assets at fair value through profit or loss	<u>-</u>	<u>-</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</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 7 November 2020, there were no transfers between or into Level 1, Level 2 and Level 3 fair value measurements (31 December 2019: nil).

11 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

Risk management framework

The Fund Advisory Board has the overall responsibility for the establishment and oversight of the Fund's risk management framework. The Fund is managed by the Investment Manager on the basis of the Fund's investment objectives and guidelines, subject to the supervision of the Fund Advisory Board, on a day to day basis. The Advisory Board reviews the activities and performance of the Fund (including Fund's investment strategies as set out in the investment process) and makes appropriate recommendations to the Investment Manager.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly, on an ongoing basis, to reflect changes in market conditions, products and services offered.

The main risks arising from the Fund's financial instruments are as follows:

1. Liquidity risk;
2. Credit risk;
3. Operational risk; and
4. Market risk.

The Investment Manager reviews and agrees policies for managing each of these risks which are summarised below:

Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately.

The Fund's liquidity risk is managed on an ongoing basis by the Investment Manager in accordance with policies and procedures in place.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

11 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Liquidity risk (continued)

The table below summarises the liquidity profile of the Fund's liabilities based on contractual maturities determined on the basis of the remaining period at the net assets in liquidation date to the contractual maturity date.

The maturity profile of assets and liabilities at 7 November 2020 and 31 December 2019 are as follows:

	Within 3 months USD	3 months to 1 year USD	1 to 5 years USD	Unspecified maturity USD	Total USD
7 November 2020					
Assets					
Bank balances	-	-	-	-	-
Financial assets at FVTPL	-	-	-	-	-
Other assets	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities					
Amounts due to related parties	-	-	-	-	-
Other liabilities	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2019					
Assets					
Bank balances	1,306,784	-	-	-	1,306,784
Financial assets at FVTPL	-	-	-	14,987,388	14,987,388
Other assets	15,847	-	-	-	15,847
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,322,631	-	-	14,987,388	16,310,019
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities					
Amounts due to related parties	-	-	-	153,652	153,652
Other liabilities	47,272	-	-	-	47,272
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	47,272	-	-	153,652	200,924
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

11 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Investment Manager attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The maximum credit risk is limited to amounts appearing on the statement of net assets in liquidation.

As per the prospectus of the Fund, the policy for concentration of its investment portfolio profile is as follows:

- The Fund's investment in the total securities issued by one company shall not exceed (15%) of the Fund's total assets, and in those issued by an Associated Group company of such company shall not exceed in aggregate twenty per cent (20%) of the Fund's total assets, with the exception of securities issued or explicitly guaranteed by governments where there shall be no such investment restriction. In all cases, the Fund's investment in any individual type of instrument (shares or Sukuk) shall not exceed ten per cent (10%) of the Fund's total assets. Further, in all cases, the Fund's investment shall not exceed fifteen per cent (15%) of the total securities issued by the relevant company.
- The Fund's investment in other investment funds, including exchange-traded funds and other investment funds sponsored by Investment Manager, shall not exceed forty percent (40%) of the Fund's total assets, The Fund shall not be liable for the payment of any Investment Manager Fees to the Investment Manager related to the money of the Fund invested in other investment funds sponsored by Investment Manager, as such money will be deducted from the Fund NAV for the purposes of calculating the Investment Manager Fees.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Fund is exposed to market risk with respect to its investments. The Fund limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the local, foreign and GCC equity and managed funds. In addition, the Fund actively monitors the key factors that affect stock and Sukuk market movement, including analysis of the operational and financial performance of investees.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Fund's financial assets or liabilities denominated in currencies other than the USD.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

11 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Currency risk (continued)

At the reporting date the carrying value of the Fund's investment in securities held in individual foreign currencies expressed in USD were as follows:

	2020 USD	2019 USD
USD	-	13,311,881
EUR	-	674,848
JPY	-	625,028
CHF	-	375,631
	<hr/>	<hr/>
	-	14,987,388
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Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency and profit rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Fund's financial instruments are carried at fair value with fair value change recognised in the statement of comprehensive income, all changes in market conditions will directly affect net investment income.

Other price risk is managed by the Investment Manager by constructing a diversified portfolio of instruments, in different industry sectors and traded on different markets. Under normal circumstances the Fund invests in the trading instruments in accordance with the investment guidelines.

Where the market risk is not in accordance with the investment policy or guidelines of the Fund, the Investment Manager is obliged to rebalance the portfolio as soon as is reasonably practicable after each determination that the portfolio is not in compliance with the stated investment parameters.

The distribution of the Fund's financial assets by geographic region is as follows:

	2020 %	2019 %
United States	-	53.68
UAE	-	25.46
Japan	-	4.17
Switzerland	-	2.51
Cayman Islands	-	2.44
Germany	-	2.36
Netherlands	-	1.12
Others	-	8.26
	<hr/>	<hr/>
	-	100.00
	<hr/>	<hr/>

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

11 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Other price risk (continued)

The distribution of the Fund's financial assets by industry is as follows

	2020 %	2019 %
Technology	-	25.64
Investment Fund	-	25.46
Health Care	-	14.88
Retail	-	6.96
Industrial	-	6.77
Oil and Gas	-	5.37
Chemicals	-	4.53
Financial	-	2.44
Others	-	7.95
	<u>-</u>	<u>100.00</u>

The Fund had the following individual significant exposure in its portfolio of investments at fair value through profit or loss:

	2020 %	2019 %
Al Hilal Global Sukuk Fund	-	25.46
	<u>-</u>	<u>25.46</u>

The Fund estimates the future reasonably possible market price fluctuations for equity investments on an individual investment basis.

The table below sets out the sensitivity analysis and its effect on the Fund's statement of comprehensive income and net assets attributable to unit holders of a reasonably possible strengthening in the individual equity market prices of 1% at 7 November 2020 and 31 December 2019. The analysis assumes that all other variables, in particular profit and foreign currency rates remain constant.

	2020	2019
Effect in USD		
Financial assets at FVTPL	-	149,874
	<u>-</u>	<u>149,874</u>
Effect in % of net assets		
Financial assets at FVTPL	0.00%	1.00%
	<u>0.00%</u>	<u>1.00%</u>

As a result of adverse market movement of 5%, the net asset value of the Fund is expected to decline by nil (2019: USD 816 thousand).

A weakening of market prices would have resulted in an equal but opposite effect to the amounts shown above.

Al Hilal Global Balanced Fund (under liquidation)

NOTES TO THE FINANCIAL STATEMENTS

At 7 November 2020

11 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Fund cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Fund is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

Capital management

The Fund's capital is represented by the number of units outstanding. The objective of the Fund is to invest the subscription amounts in a portfolio with a view to both achieve and provide capital growth and attractive returns over medium term, while reducing directional downward risk in underlying market.

The Fund aims to deliver this objective mainly through investing in a balanced portfolio as per the Fund investment guidelines while maintaining sufficient liquidity to meet unit holders' redemptions. The Fund has complied with the externally imposed requirements. All units of the Fund have been redeemed as of 7 November 2020, and all net assets have been distributed.

12 CONTINGENCIES AND COMMITMENTS

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