

SICO CAPITAL GCC DIVIDEND GROWTH FUND

(Open-Ended Fund)

(
Managed by SICO Capital Company)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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INDEPENDENT AUDITOR’S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF SICO CAPITAL GCC DIVIDEND GROWTH FUND (MANAGED BY SICO CAPITAL COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of SICO Capital GCC Dividend Growth Fund (the “Fund”) managed by SICO Capital (the “Fund Manager”) as at 30 June 2023, and the related interim condensed statement of comprehensive income, statement of changes in equity attributable to the unitholders and cash flows for the six – month period then ended, and explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement 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 as endorsed in the Kingdom of Saudi Arabia.

Other Matter

The financial statements of the Fund for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 30, 2023. The interim condensed financial statements of the fund for the six-month period ended 30 June 2022 were reviewed by another auditor who expressed an unmodified conclusion on those statements on August 24, 2022.

For Ernst & Young Professional Services

Waleed G. Tawhig
Certified Public Accountant
License No. (437)

Riyadh: 11 Safar 1445H
(27 August 2023)



SICO CAPITAL GCC DIVIDEND GROWTH FUND

Interim condensed statement of financial position

As at 30 June 2023

		30 June 2023	31 December 2022
	Notes	SAR	SAR
		(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents	5	1,483,999	698,686
Investments carried at fair value through profit or loss (FVTPL)	6	15,742,768	7,325,719
Prepayments and other assets		56,029	44,532
TOTAL ASSETS		17,282,596	8,068,937
LIABILITIES			
Accruals and other liabilities	9	183,832	206,928
TOTAL LIABILITIES		183,832	206,928
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		17,098,764	7,862,009
Units in issue (in numbers)		935,886	475,248
NET ASSET VALUE PER UNIT		18.27	16.54

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

SICO CAPITAL GCC DIVIDEND GROWTH FUND

Interim condensed statement of comprehensive income / (loss) (unaudited)
For the six-month period at 30 June 2023

	Notes	For the six months period ended 30 June 2023 SAR (Unaudited)	For the six months period ended 30 June 2022 SAR (Unaudited)
INCOME			
Dividend income		154,854	762,118
Realized gain on disposal of FVTPL investments	7	15,609	37,167,619
Unrealized gain / (loss) on FVTPL investments	7	1,143,041	(17,632,107)
Foreign currency exchange loss		(50,869)	(289,313)
TOTAL INCOME		1,262,635	20,008,317
EXPENSES			
Management fees	4	75,466	565,102
Other expenses		56,939	112,474
TOTAL EXPENSES		132,405	677,576
NET INCOME FOR THE PERIOD		1,130,230	19,330,741
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,130,230	19,330,741

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

SICO CAPITAL GCC DIVIDEND GROWTH FUND

Interim condensed statement of changes in net assets (equity) attributable to the unitholders (unaudited)

For the six-month period ended 30 June 2023

	For the six-month period ended 30 June 2023 SAR (Unaudited)	For the six-month period ended 30 June 2023 SAR (Unaudited)
NET ASSETS (EQUITY) VALUE ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	7,862,009	93,585,934
Total comprehensive income for the period	1,130,230	19,330,741
Proceeds from issuance of units	15,625,000	21,645,000
Payment towards units redeemed	(7,234,831)	(110,421,890)
Dividend paid during the period	(283,644)	-
NET ASSETS (EQUITY) VALUE ATTRIBUTABLE TO THE UNITHOLDER AT END OF THE PERIOD	17,098,764	24,139,785
	<hr/> <hr/>	<hr/> <hr/>
	For the six-month period ended 30 June 2023 SAR (Unaudited)	For the six-month period ended 30 June 2022 SAR (Unaudited)
NUMBER OF UNITS AT THE BEGINNING OF THE PERIOD	475,248	6,429,530
Subscription - Units issued	872,488	1,149,747
Redemption	(411,850)	(6,173,922)
NUMBER OF UNITS AT THE END OF THE PERIOD	935,886	1,405,355
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The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

SICO CAPITAL GCC DIVIDEND GROWTH FUND

Interim condensed statement of cashflows (unaudited)

At 30 June 2023

	For the six month period ended 30 June 2023	For the six month period ended 30 June 2022
	SAR	SAR
CASH FLOWS FROM OPERATING ACTIVITIES	(Unaudited)	(Unaudited)
Net income for the period	1,130,230	19,330,741
<i>Adjustments for:</i>		
Unrealized (gain) / loss on FVTPL investments	(1,143,041)	17,632,107
Net changes in operating assets and liabilities:		
Investments carried at FVTPL	(7,273,808)	54,055,159
Prepayments and other assets	(11,497)	(2,369)
Accruals and Other Liabilities	(23,096)	(268,002)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	(7,321,212)	90,747,636
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	15,625,000	21,645,000
Redemption of the units	(7,234,831)	(110,421,890)
Dividend paid	(283,644)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	8,106,525	(88,776,890)
NET CHANGE IN CASH AND CASH EQUIVALENTS	785,313	1,970,746
Cash and cash equivalents at beginning of the period	698,686	3,987,276
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,483,999	5,958,022

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

1. INCORPORATION AND ACTIVITIES

SICO Capital GCC Dividend Growth Fund (Formerly known as Muscat Capital GCC Dividend Growth Fund) (the "Fund") is an open-ended mutual fund established and managed through an agreement between SICO Capital Company (Formerly known as Muscat Capital) - a Saudi Closed Joint Stock Company (the "Fund Manager"), and the Fund Investors (the "Unit holders"). The address of the Fund Manager is as follows:

SICO Capital Company
7702 King Fahad Road (5th Floor)
Al Malqa District
Riyadh 13542
P.O. Box 64666

The Fund commenced its operations on 16 Sh'ba n 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 listed equities, IPOs and real estate funds issued and traded in GCC capital markets. The Fund aims to provide dividends and long-term capital appreciation by investing in a portfolio comprising of Shariah-compliant dividend growth stocks, whose dividends have grown over the last two years as a minimum.

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

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the "CMA") on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further Amended by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12 Rajab1442H. Corresponding to 24 February 2021G (the "Amended Regulations"). The amended regulations are effective from 19 Ramadan 1442H, corresponding to 1 May 2021).

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1 Basis of preparation

These unaudited interim condensed financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the kingdom of Saudi Arabia.

The unaudited 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 2022. In addition, result for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The unaudited interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for financial assets held at FVTPL that are measured at fair value. These unaudited interim condensed financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Fund's functional currency. All financial information presented has been rounded to the nearest SR.

At 30 June 2023

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)**3.2 New standards, interpretations and amendments****3.2.1 New standards and amendments adopted by the Fund**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the Fund's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

The following new and amended IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements.

Standard, interpretation and amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which previously permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023

3.2.2 Significant standards issued but not yet effective

Standard, interpretation and amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	Annual periods beginning on or after 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

SICO CAPITAL GCC DIVIDEND GROWTH FUND

Notes to the unaudited interim condensed financial statements

At 30 June 2023

4. MANAGEMENT FEE, OTHER EXPENSES, AND TRANSACTION FEE

The Fund Manager charges the Fund, management fee at the rate of 1.5% and administration fees at a rate of 0.06% per annum of the Fund's net assets value and is paid on a quarterly basis.

5. CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
	SAR	SAR
	(Unaudited)	(Audited)
Cash at bank	<u>1,483,999</u>	<u>698,686</u>
Total	<u>1,483,999</u>	<u>698,686</u>

Cash and cash equivalents balance comprise of balances with the custodian which have investment grade credit ratings, as rated by the international rating agencies. As of date, cash balances include current accounts held with Riyadh Bank that do not earn profit.

6. INVESTMENTS CARRIED AT FVTPL

	30 June	31 December
	2023	2022
	SAR	SAR
	(Unaudited)	(Audited)
Equity investments	15,742,768	7,325,719

The following is the movement in investments during the period

	30 June	31 December
	2023	2022
	SAR	SAR
	(Unaudited)	(Audited)
Cost:		
At the beginning of the period	7,325,719	90,098,451
Additions during the period	123,530,061	3,958,124,317
Sold during the period	(115,113,012)	(4,040,897,049)
At the end of the period	<u>15,742,768</u>	<u>7,325,719</u>
Change in fair value:		
Unrealized balance at the beginning of the period	167,951	(40,280,135)
Realized during the period	(15,609)	40,243,937
Unrealized balance at the end of the period	990,798	(20,513,393)
Movement during the period	<u>1,143,140</u>	<u>(20,549,591)</u>

SICO CAPITAL GCC DIVIDEND GROWTH FUND

Notes to the unaudited interim condensed financial statements

At 30 June 2023

6. INVESTMENTS CARRIED AT FVTPL (continued)

6.1 The composition of the investment's portfolio on the last valuation day of the period end is summarised below:

30 June 2023 (Unaudited)				
	% of Market value	Cost SAR	Market value SAR	Unrealised Gain / (loss) SAR
Investments in equities (by sector)				
Agriculture and food Industry	5%	694,774	807,504	112,729
Banks and financial Services	28%	4,263,013	4,475,787	212,774
Cement	3%	445,745	496,391	50,645
Energy and Utilities	7%	1,029,836	1,042,650	12,814
Health Care	7%	996,938	1,129,357	132,418
Hotel and Tourism	2%	341,767	353,965	12,197
Industrial Investment	5%	855,465	787,774	(67,691)
Insurance	6%	763,702	968,170	204,468
Petro – chemicals	17%	2,894,856	2,672,119	(222,737)
Retail	4%	434,106	601,410	167,305
Services	5%	558,725	827,845	269,119
Telecom and IT	8%	1,253,423	1,333,693	80,270
Real Estate development	2%	219,433	246,103	26,672
Total	100%	14,751,783	15,742,768	990,985

The above equity investments are made in different countries as follows;

	Cost SAR	Market Value SAR	Unrealised gain SAR
<u>Investments (by country)</u>			
Kingdom of Saudi Arabia	9,742,451	10,749,135	1,006,684
United Arab Emirates	3,189,820	3,212,625	22,805
State of Kuwait	1,063,531	1,091,401	27,870
State of Qatar	755,981	689,607	(66,374)
Total	14,751,783	15,742,768	990,985

SICO CAPITAL GCC DIVIDEND GROWTH FUND

Notes to the unaudited interim condensed financial statements

At 30 June 2023

6. INVESTMENTS CARRIED AT FVTPL (continued)

31 December 2022 (Audited)				
	% of Market value	Cost SAR	Market value SAR	Unrealised gain SAR
<i>Investments in equities (by sector)</i>				
Agriculture and food Industry	6%	402,979	407,468	4,489
Banks and financial Services	23%	1,419,034	1,677,114	212,342
Cement	3%	271,196	251,685	(19,511)
Energy and Utilities	10%	897,658	748,704	(148,954)
Health Care	3%	278,219	250,382	(27,837)
Industrial Investment	3%	192,737	188,795	(3,942)
Insurance	4%	281,664	320,386	38,722
Petro - chemicals	17%	1,439,542	1,226,341	(213,201)
Retail	5%	413,025	378,697	(34,328)
Food	4%	244,965	278,785	33,820
Services	6%	403,561	452,124	48,563
Telecom and IT	3%	868,061	803,639	(18,684)
Real Estate development	5%	365,435	341,599	(23,836)
Total	100%	7,478,076	7,325,719	(152,357)

	Cost SAR	Market Value SAR	Unrealised gain SAR
<i>Investments (by country)</i>			
Kingdom of Saudi Arabia	5,493,691	5,296,671	(253,733)
United Arab Emirates	1,562,690	1,635,717	73,027
State of Kuwait	421,695	393,331	28,349
Total	7,478,076	7,325,719	(152,357)

7. NET REALIZED/ UNREALIZED GAIN / (LOSS) FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2023 SAR (Unaudited)	30 June 2022 SAR (Unaudited)
Realized gain on disposal of FVTPL investments	15,609	37,167,619
Unrealized gain / (loss) on FVTPL investments	1,143,041	(17,632,107)
Total	1,158,650	19,535,512

At 30 June 2023

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Fund include SICO Capital being the Fund Manager, SICO Bank Bahrain (the shareholder of SICO Capital), with the underlying properties of the Fund being custodized with Riyadh Capital (being the custodian of the Funds).

The fund pays fixed custodian fees of 0.06% and management fees of 0.3% of assets under management per annum, as set out in the fund's terms and conditions and is paid quarterly

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

Related party	Nature of relationship	Nature of transaction	30 June 2023 SAR (Unaudited)	30 June 2022 SAR (Unaudited)
SICO Capital Company	Fund manager	Transaction fee Admin fee	75,466 3,019	565,102 22,604
Riyad Capital	Affiliate	Custodian fees	5,031	37,673

The balances resulting from related party transactions are as follows:

Related party	Nature of relationship	Nature of transaction	30 June 2023 SAR (Unaudited)	31 December 2022 SAR (Audited)
SICO Capital Company	Fund manager	Fee payable* Admin fee *	33,491 17,281	765,321 26,620
Riyad Capital	Affiliate	Custodian fees **	60,129	44,367

* These balances have been recorded under other accrued expenses.

** These balances have been recorded under prepayment and other assets.

Notes to the unaudited interim condensed financial statements
At 30 June 2023**9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

As at 30 June 2023 (Unaudited)	Within 12 months SAR	After 12 months SAR	Total SAR
ASSETS			
Cash at bank	1,483,999	-	1,483,999
Investments carried at fair value through profit or loss (FVTPL)	-	15,742,568	15,742,568
Prepayments and other assets	56,029	-	56,029
TOTAL ASSETS	1,540,028	15,742,568	17,282,596
LIABILITIES			
Accrued management fees	33,491	-	33,491
Accrued expenses	150,341	-	150,341
TOTAL LIABILITIES	183,832	-	183,832
As at 31 December 2022 (Audited)	Within 12 months SAR	After 12 months SAR	Total SAR
ASSETS			
Cash at bank	698,686	-	698,686
Investments carried at fair value through profit or loss (FVTPL)	-	7,325,719	7,325,719
Prepayments and other assets	44,532	-	44,532
TOTAL ASSETS	743,218	7,325,719	8,068,937
LIABILITIES			
Accrued management fees	54,319	-	54,319
Accrued expenses	152,609	-	152,609
TOTAL LIABILITIES	206,928	-	206,928

10. DIVIDEND DISTRIBUTION

In accordance with the approved terms and conditions of the Fund, directors recommended to distribute dividends with regards to the first half of 2023 at SR0.45 per unit amounting to SR283,644 to its unitholders.

11. EVENTS AFTER THE END OF THE REPORTING PERIOD

As of the date of approval of these financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these financial statements.

12. CHANGES IN FUND'S TERMS AND CONDITIONS

There is no change in the terms and Conditions of the Fund during the period.

13. LAST VALUATION DAY

In accordance with the Terms and Conditions of the Fund, the last valuation day of the period was 30 June 2023 (2022: 29 December 2022).

14. APPROVAL OF FINANCIAL STATEMENTS

These Financial statements were approved by the Fund's board on 11 Safar 1445H (Corresponding to 27 August 2023).

Signed on behalf of Board of Directors

Authorized Signatory