

SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
**(Managed by Alistithmar for Financial Securities
And Brokerage Company)**
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2020
together with the
Independent Auditor's Review Report to the Unitholders



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Independent auditor's report on review of condensed interim financial statements

To the Unitholders of SAIB Saudi Companies Fund

Introduction

We have reviewed the accompanying 30 June 2020 condensed interim financial statements of **SAIB Saudi Companies Fund** ("the Fund"), managed by Alistithmar for Financial Securities and Brokerage Company ("the Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2020;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2020;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2020;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2020; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.


Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 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 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 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 30 June 2020 condensed interim financial statements of **SAIB Saudi Companies Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants


Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 5 Muharram 1442H
Corresponding to: 24 August 2020



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SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2020
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	30 June 2020 (Unaudited)	31 December 2019 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	8	1,119,656	737,308
Investments	9	31,469,839	33,940,007
Dividend receivable		23,750	--
Total Assets		32,613,245	34,677,315
<u>LIABILITIES</u>			
Management fee payable	11	48,774	54,908
Accrued expenses		46,353	87,259
Total Liabilities		95,127	142,167
Net assets (equity) attributable to the Unitholders		32,518,118	34,535,148
Units in issue (numbers)		254,705	255,484
Net assets (equity) attributable to each unit (SAR)		127.67	135.18

The accompanying notes 1 to 17 form an integral part of these condensed interim financial statements.

SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For the six-month period ended 30 June 2020
(Amounts in Saudi Arabian Riyals)

		For the six-month period ended 30 June	
	<i>Notes</i>	<u>2020</u>	<u>2019</u>
<u>INCOME</u>			
Dividend income		528,656	670,557
(Loss) / gain on investments, net	<i>10</i>	<u>(2,003,431)</u>	<u>4,125,827</u>
Total (loss) / income		<u>(1,474,775)</u>	<u>4,796,384</u>
<u>EXPENSES</u>			
Management fee	<i>11</i>	(280,032)	(266,342)
Custody fee		(22,396)	(14,070)
Other expenses		<u>(221,077)</u>	<u>(107,619)</u>
Total expenses		<u>(523,505)</u>	<u>(388,031)</u>
Net (loss) / income for the period		(1,998,280)	4,408,353
Other comprehensive income for the period		--	--
Total comprehensive (loss) / income for the period		<u><u>(1,998,280)</u></u>	<u><u>4,408,353</u></u>

The accompanying notes 1 to 17 form an integral part of these condensed interim financial statements.

SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS (Unaudited)
For the six-month period ended 30 June 2020
(Amounts in Saudi Arabian Riyals)

	For the six-month period ended 30 June	
	<u>2020</u>	<u>2019</u>
Net assets (equity) attributable to the Unitholders at beginning of the period	34,535,148	27,694,089
Total comprehensive (loss) / income for the period	(1,998,280)	4,408,353
Contributions and redemptions by the Unitholders:		
Proceed from issuance of units during the period	920,799	48,090
Payments on redemption of units during the period	(939,549)	(435,660)
Net redemptions by the Unitholders	(18,750)	(387,570)
Net assets (equity) attributable to the Unitholders at end of the period	32,518,118	31,714,872

UNITS TRANSACTIONS *(numbers)*

	For the six-month period ended 30 June	
	<u>2020</u>	<u>2019</u>
Units at the beginning of the period	255,484	253,485
Units issued during the period	6,972	395
Units redeemed during the period	(7,751)	(3,474)
Net decrease in units	(779)	(3,079)
Units at the end of the period	254,705	250,406

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SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)
For the six-month period ended 30 June 2020
(Amounts in Saudi Arabian Riyals)

		For the six-month period ended 30 June	
	<i>Notes</i>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / profit for the period		(1,998,280)	4,408,353
<i>Adjustment for:</i>			
Dividend income		(528,656)	(670,557)
Loss / (gain) on investments, net	10	2,003,431	(4,125,827)
		(523,505)	(388,031)
Changes in operating assets and liabilities:			
Decrease / (increase) in investments		466,737	(234,469)
(Decrease) / increase in management fee payable		(6,134)	4,673
Decrease in accrued expenses		(40,906)	(30,887)
Cash used in operations		(103,808)	(648,714)
Dividend received		504,906	670,557
Net cash generated from operating activities		401,098	21,843
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		920,799	48,090
Payments on redemptions of units		(939,549)	(435,660)
Net cash used in financing activities		(18,750)	(387,570)
Net increase / (decrease) in cash and cash equivalents		382,348	(365,727)
Cash and cash equivalents at beginning of the period	8	737,308	1,256,130
Cash and cash equivalents at the end of the period	8	1,119,656	890,403

The accompanying notes 1 to 17 form an integral part of these condensed interim financial statements.

SAIB SAUDI COMPANIES FUND

An open-ended mutual fund

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2020

(Amounts in Saudi Arabian Riyals)

1. GENERAL

SAIB Saudi Companies Fund (the “Fund”) is an open-ended investment fund created by an agreement between Alistithmar for Financial Securities and Brokerage Company (the “Fund Manager” or “Alistithmar Capital”), a wholly owned subsidiary of The Saudi Investment Bank (the “Bank”), and the investors (the “Unitholders”). The Fund commenced its operations on 23 April 2005.

The Fund is designed for investors seeking capital appreciation over the long-term, through exposure to publicly traded Shariah compliant Saudi equities and financial products. All income is reinvested in the Fund and is reflected in the unit price.

Alistithmar Capital is the Fund Manager, Custodian and Broker of the Fund. Pursuant to change in terms and conditions of the Fund on 12 Rajab 1439H (corresponding to 29 March 2019), Riyadh Capital Company (“Riyad Capital”) has been appointed as the custodian of the Fund.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate condensed interim financial statements of the Fund.

2. REGULATING AUTHORITY

The Fund is governed by Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “Amended Regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations came into effect from 6 Safar 1438 H (corresponding to 6 November 2016).

3. BASIS OF ACCOUNTING

These condensed interim financial statements are prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by the Capital Market Authority (CMA), the Fund’s terms and conditions and the Information Memorandum. The condensed interim 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 audited financial statements for the year ended 31 December 2019.

4. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on a historical cost basis, except for measurement of investments at fair value through profit or loss (“FVTPL”) which are carried at fair value, using the accrual basis of accounting and the going concern concept.

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

5. FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are presented in Saudi Arabian Riyals (“SAR”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest SAR.

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 For the six-month period ended 30 June 2020
(Amounts in Saudi Arabian Riyals)

6. USE OF JUDGMENTS AND ESTIMATES

In preparing these condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant areas where management has used estimates, assumptions or exercised judgement includes financial assets as discussed in note 13.

7. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2019.

a) New IFRS Standard, IFRIC interpretations and amendments thereof, adopted by the Fund

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2020 and accordingly adopted by the Fund, as applicable:

<u>Standards / Amendments</u>	<u>Description</u>
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards
Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1, 8	Definition of Material
Amendments to IFRS 9, 7 and IAS 39	Interest Rate Benchmark Reform

The adoption of the amended standards and interpretations applicable to the Fund did not have any significant impact on these condensed interim financial statements.

b) New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) but not yet effective up to the date of issuance of the Fund's condensed interim financial statements. The Fund intends to adopt these standards when they become effective.

<u>Standards / Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 17	Insurance Contracts	1 January 2021
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption (effective date deferred indefinitely)

SAIB SAUDI COMPANIES FUND

An open-ended mutual fund

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2020

(Amounts in Saudi Arabian Riyals)

8. CASH AND CASH EQUIVALENTS

	30 June 2020	31 December 2019
Cash with custodian	<u>1,119,656</u>	<u>737,308</u>

9. INVESTMENTS

	30 June 2020	31 December 2019
Equity securities:		
Fair value thorough profit or loss	<u>31,469,839</u>	<u>33,940,007</u>

The table below summarize the Fund's exposure to equity securities of various industry sectors:

Industry sector	30 June 2020		31 December 2019	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Financial Services	9,268,299	8,408,991	8,985,700	9,753,249
Materials	5,998,520	5,987,224	5,909,254	5,444,014
Health Care	4,170,607	4,660,412	996,946	963,252
Real Estate	3,898,983	3,763,704	2,482,207	2,575,360
Energy	3,782,471	3,624,908	4,300,057	4,646,523
Consumer Staples	2,119,290	2,240,900	1,309,176	1,418,640
Consumer Discretionary	1,197,199	1,217,000	3,177,078	3,437,689
Industrial	1,178,276	1,189,300	3,833,498	4,229,420
Communication Services	388,128	377,400	629,090	699,300
Services	--	--	899,549	772,560
	<u>32,001,773</u>	<u>31,469,839</u>	<u>32,522,555</u>	<u>33,940,007</u>

All investments are concentrated in the Kingdom of Saudi Arabia.

10. (LOSS) / GAIN ON INVESTMENTS, NET

	For the six-month period ended 30 June	
	<u>2020</u>	<u>2019</u>
Realised (loss) / gain, net	<u>(1,471,497)</u>	1,996,726
Unrealised (loss) / gain, net	<u>(531,934)</u>	2,129,101
	<u>(2,003,431)</u>	<u>4,125,827</u>

11. MANAGEMENT AND OTHER FEES

The Fund pays a management fee to the Fund Manager equal to 1.75% per annum of the net assets value at each valuation date. Additionally, administration expenses paid by the Fund Manager on behalf of the Fund are reimbursed from the Fund, subject to a maximum administration expenses of 0.40% per annum of the net assets value.

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For the six-month period ended 30 June 2020

(Amounts in Saudi Arabian Riyals)

12. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Fund include the Fund Manager, the Fund Board, the Bank and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with its related parties.

In addition to transactions disclosed elsewhere in these condensed interim financial statements, related party transactions and balances are as follows:

Transactions with related parties:

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>For the six-month period ended 30 June</u>	
			<u>2020</u>	<u>2019</u>
Alistithmar Capital	The Fund Manager	Management fee	280,032	266,342
		Securities transaction costs	155,218	47,997
The Fund Board	The Fund Board	The Fund Board compensation	3,282	3,273

Balances with related parties:

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balance</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Alistithmar Capital	The Fund Manager	Management fee payable	48,774	54,908
The Fund Board	The Fund Board	The Fund Board compensation	3,282	5,300

Units held with related parties (numbers):

<u>Related party</u>	<u>Nature of relationship</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Alistithmar Capital	The Fund Manager	54,000	54,000

13. FAIR VALUES OF FINANCIAL INSTRUMENTS***Fair value measurement***

The Fund measures certain financial instruments at fair value at each statement of financial position date.

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.

SAIB SAUDI COMPANIES FUND

An open-ended mutual fund

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2020

(Amounts in Saudi Arabian Riyals)

13. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in assumptions about these factors could affect the fair value of financial instruments.

Valuation models

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 to which the Fund has access at that date

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund values equity securities that are traded on an approved stock exchange at their last reported prices. To the extent that equity securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy, hence the Fund's assets are carried at fair value have been categorized based on fair value hierarchy Level 1.

SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six-month period ended 30 June 2020
(Amounts in Saudi Arabian Riyals)

13. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The table below presents the financial instruments measured at their fair values as of reporting date based on the fair value hierarchy:

30 June 2020				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>31,469,839</u>	<u>--</u>	<u>--</u>	<u>31,469,839</u>
31 December 2019				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>33,940,007</u>	<u>--</u>	<u>--</u>	<u>33,940,007</u>

During the period, there has been no transfer in fair value hierarchy.

Other financial instruments such as cash and cash equivalents, dividend receivable, management fee payable and accrued expenses are short term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

14. LAST VALUATION DAY

The last valuation day of the period was 30 June 2020 (2019: 31 December 2019).

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the statement of financial position date which require adjustments of or disclosure in the condensed interim financial statements or notes thereto.

16. COVID-19 PANDAMIC

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across the globe including the kingdom of Saudi Arabia, causing disruptions to businesses and economic activity. The COVID-19 pandemic has significantly impacted the capital markets around the world to date and may continue to do so in the coming months of 2020, whereby potentially impacting the performance of the Fund. As the situation is fluid and rapidly evolving, the Fund Manager does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Fund for coming periods. The impact of this outbreak has been considered in these condensed interim financial statements as of and for the period ended 30 June 2020.

17. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Manager on 20 Dhual-Hijja 1441H (corresponding to 10 August 2020).