

SAIB GCC EQUITY 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



KPMG Al Fozan & Partners
Certified Public Accountants

Riyadh Front, Airport Road
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Telephone +966 11 874 8500
Fax +966 11 874 8600
Internet www.kpmg.com/sa

Licence No. 46/11/323 issued 11/3/1992

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

To the Unitholders of SAIB GCC Equity Fund

Introduction

We have reviewed the accompanying 30 June 2020 condensed interim financial statements of **SAIB GCC Equity 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 GCC Equity 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



SAIB GCC EQUITY FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2020
(Amounts in United States Dollars)

	<i>Notes</i>	30 June 2020 (Unaudited)	31 December 2019 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	8	1,267,991	866,738
Investments	9	13,522,917	17,386,363
Dividend receivable		41,730	--
Total Assets		14,832,638	18,253,101
<u>LIABILITIES</u>			
Management fee payable	11	29,789	30,198
Accrued expenses		8,874	16,091
Total Liabilities		38,663	46,289
Net assets (equity) attributable to the Unitholders		14,793,975	18,206,812
Units in issue (numbers)		71,074	77,876
Net assets (equity) attributable to each unit (USD)		208.15	233.79

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

SAIB GCC EQUITY FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For the six-month period ended 30 June 2020
(Amounts in United States Dollars)

		For the six-month period ended	
		30 June	
	<i>Notes</i>	<u>2020</u>	<u>2019</u>
<u>INCOME</u>			
Dividend income		266,594	429,838
(Loss) / gain on investments, net	<i>10</i>	<u>(1,887,080)</u>	<u>2,028,939</u>
Total (loss) / income		<u>(1,620,486)</u>	<u>2,458,777</u>
<u>EXPENSES</u>			
Management fee	<i>11</i>	(129,852)	(152,949)
Custody fee		(7,956)	(7,968)
Other expenses		<u>(54,859)</u>	<u>(26,199)</u>
Total expenses		<u>(192,667)</u>	<u>(187,116)</u>
Net (loss) / income for the period		(1,813,153)	2,271,661
Other comprehensive income for the period		--	--
Total comprehensive (loss) / income for the period		<u>(1,813,153)</u>	<u>2,271,661</u>

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

SAIB GCC EQUITY 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 United States Dollars)

	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	18,206,812	16,190,939
Total comprehensive (loss) / income for the period	(1,813,153)	2,271,661
Contributions and redemptions by the Unitholders:		
Proceeds from issuance of units during the period	78,844	--
Payments on redemption of units during the period	(1,678,528)	(6,000)
Net redemptions by the Unitholders	(1,599,684)	(6,000)
Net assets (equity) attributable to the Unitholders at end of the period	<u>14,793,975</u>	<u>18,456,600</u>

UNITS TRANSACTIONS *(numbers)*

	For the six-month period ended 30 June	
	<u>2020</u>	<u>2019</u>
Units at the beginning of the period	77,876	79,551
Units issued during the period	381	--
Units redeemed during the period	(7,183)	(27)
Net decrease in units	(6,802)	(27)
Units at the end of the period	<u>71,074</u>	<u>79,524</u>

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

SAIB GCC EQUITY FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)
For the six-month period ended 30 June 2020
(Amounts in United States Dollars)

		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		(1,813,153)	2,271,661
<i>Adjustment for:</i>			
Dividend income		(266,594)	(429,838)
(Loss) / gain on investments, net	10	<u>1,887,080</u>	<u>(2,028,939)</u>
		(192,667)	(187,116)
Changes in operating assets and liabilities:			
Decrease in investments		1,976,366	663,703
(Decrease) / increase in management fee payable		(409)	4,984
Decrease in accrued expenses		<u>(7,217)</u>	<u>(6,810)</u>
Cash generated from operations		<u>1,776,073</u>	474,761
Dividend received		<u>224,864</u>	429,838
Net cash generated from operating activities		<u>2,000,937</u>	<u>904,599</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		78,844	--
Payments on redemptions of units		<u>(1,678,528)</u>	<u>(6,000)</u>
Net cash used in financing activities		<u>(1,599,684)</u>	<u>(6,000)</u>
Net increase in cash and cash equivalents		401,253	898,599
Cash and cash equivalents at the beginning of the period	8	<u>866,738</u>	525,816
Cash and cash equivalents at the end of the period	8	<u><u>1,267,991</u></u>	<u><u>1,424,415</u></u>

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

SAIB GCC EQUITY 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 United States Dollars)

1. GENERAL

SAIB GCC Equity 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 24 July 2004.

The Fund is designed for investors seeking long-term capital growth through diversified exposure to GCC, Arab markets and other Gulf countries’ equities and financial products. All income is reinvested in the Fund and is reflected in the unit price.

Alistithmar Capital is the Fund Manager 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 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”), 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 United States Dollars (“USD”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest USD.

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An open-ended mutual fund
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six-month period ended 30 June 2020
(Amounts in United States Dollars)

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 standards, 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)

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For the six-month period ended 30 June 2020
(Amounts in United States Dollars)

8. CASH AND CASH EQUIVALENTS

	30 June 2020	31 December 2019
Cash in trading account	432,533	16,035
Cash with custodian	835,458	850,703
	<u>1,267,991</u>	<u>866,738</u>

9. INVESTMENTS

Equity securities:	30 June 2020	31 December 2019
Fair value through profit or loss	<u>13,522,917</u>	<u>17,386,363</u>

The table below summarizes the Fund's exposure to listed 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	7,588,897	6,023,758	6,451,413	7,130,703
Materials	1,998,388	1,889,725	2,248,668	2,371,403
Health Care	1,266,206	1,486,698	445,742	430,677
Energy	1,318,862	1,200,255	1,430,119	1,689,490
Consumer Discretionary	1,234,486	1,073,593	1,735,250	1,896,877
Real Estate	863,063	615,346	1,375,978	1,430,690
Consumer Staples	527,279	603,068	430,118	453,834
Transport	391,584	378,421	587,374	488,794
Industrial	242,207	252,053	983,555	1,257,164
Services	--	--	286,982	236,731
	<u>15,430,972</u>	<u>13,522,917</u>	<u>15,975,199</u>	<u>17,386,363</u>

The geographical exposure of investments as at the statement of financial position date is as follows:

	30 June 2020		31 December 2019	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Kingdom of Saudi Arabia	11,536,976	10,518,966	11,969,705	13,116,655
United Arab Emirates	2,304,104	1,686,391	2,479,487	2,428,728
Kuwait	1,589,892	1,317,560	1,526,007	1,840,980
	<u>15,430,972</u>	<u>13,522,917</u>	<u>15,975,199</u>	<u>17,386,363</u>

10. (LOSS) / GAIN ON INVESTMENTS, NET

	For the six-month period ended 30 June	
	<u>2020</u>	<u>2019</u>
Realised gain, net	20,975	474,209
Unrealised (loss) / gain, net	<u>(1,908,055)</u>	<u>1,554,730</u>
	<u>(1,887,080)</u>	<u>2,028,939</u>

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(Amounts in United States Dollars)

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 0.33% per annum of the net assets value.

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>	For the six-month period ended 30 June	
			2020	2019
Alistithmar Capital	The Fund Manager	Management fee	129,852	152,949
		Securities transaction costs	17,094	11,385
The Fund Board	The Fund Board	The Fund Board compensation	875	873

Balances with related parties:

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balance</u>	30 June 2020	31 December 2019
Alistithmar Capital	The Fund Manager	Management fee payable	29,789	30,198
		Cash in trading account	432,533	16,035
The Fund Board	The Fund Board	The Fund Board compensation payable	875	1,413

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 GCC EQUITY 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 United States Dollars)

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.

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

SAIB GCC EQUITY 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 United States Dollars)

13. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	30 June 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>13,522,917</u>	<u>--</u>	<u>--</u>	<u>13,522,917</u>

	31 December 2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>17,386,363</u>	<u>--</u>	<u>--</u>	<u>17,386,363</u>

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

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 PENDING

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 Dhul-Hijja 1441H (corresponding to 10 August 2020).