

**Al-Mubarak Saudi Equity Fund
(Managed by Arab National Investment Company)**

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

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021



Ernst & Young & Co. (Certified Public Accountants)
General Partnership
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Registration No. 45/11/323
C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com/mena

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF AL-MUBARAK SAUDI EQUITY FUND (MANAGED BY ARAB NATIONAL INVESTMENT COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Mubarak Saudi Equity Fund (the "Fund") managed by Arab National Investment Company (the "Fund Manager") as at 30 June 2021, and the related interim condensed statements of comprehensive income, changes in equity attributable to the unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management 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 condensed financial statements based on our review.

Scope of Review

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

For Ernst & Young


Saad M. Al-Khathlan
Certified Public Accountant
License No. 509



Riyadh: 4 Muharram 1443H
(12 August 2021)

Al-Mubarak Saudi Equity Fund
(Managed by Arab National Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	30 June 2021 (Unaudited) SR	<i>31 December 2020 (Audited) SR</i>
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	4	141,795,663	113,451,672
Dividend receivable		285,650	91,200
Cash and cash equivalents		11,856,771	7,711,567
TOTAL ASSETS		153,938,084	121,254,439
LIABILITIES			
Management fees payable		633,701	511,011
Accrued expenses		138,035	119,741
TOTAL LIABILITIES		771,736	630,752
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		153,166,348	120,623,687
TOTAL LIABILITIES AND EQUITY		153,938,084	121,254,439
Redeemable units in issue		967,475	951,897
Net assets value attributable to each unit		158.32	126.72

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

Al-Mubarak Saudi Equity Fund
(Managed by Arab National Investment Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2021

	<i>Note</i>	2021 SR	2020 SR
INCOME			
Net realized gain on disposal of financial assets at FVTPL	4	8,418,021	49,770
Net unrealized gain (loss) on financial assets at FVTPL	4	20,910,672	(9,851,240)
Dividend income		2,117,316	2,246,666
TOTAL INCOME (LOSS)		31,446,009	(7,554,804)
EXPENSES			
Management fees	5	(1,178,726)	(930,574)
Other fees	5	(279,429)	(139,356)
TOTAL EXPENSES		(1,458,155)	(1,069,930)
NET INCOME (LOSS) FOR THE PERIOD		29,987,854	(8,624,734)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		29,987,854	(8,624,734)

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

Al-Mubarak Saudi Equity Fund
(Managed by Arab National Investment Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO
THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2021

	2021 SR	2020 SR
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	<u>120,623,687</u>	<u>120,309,215</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>29,987,854</u>	<u>(8,624,734)</u>
ISSUANCE AND REDEMPTIONS BY THE UNITHOLDERS		
Issuance of units during the period	6,281,760	462,244
Redemptions of units during the period	<u>(3,726,953)</u>	<u>(1,094,864)</u>
Net changes in units	<u>2,554,807</u>	<u>(632,620)</u>
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	<u><u>153,166,348</u></u>	<u><u>111,051,861</u></u>

REDEEMABLE UNIT TRANSACTIONS

Transactions in units for the period ended 30 June are summarised as follows:

	2021 <i>Units</i>	2020 <i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	<u>951,897</u>	<u>1,077,142</u>
Issuance of units during the period	41,007	5,103
Redemptions of units during the period	<u>(25,428)</u>	<u>(10,792)</u>
Net changes in units	<u>15,579</u>	<u>(5,689)</u>
UNITS AS AT END OF THE PERIOD	<u><u>967,475</u></u>	<u><u>1,071,453</u></u>

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

Al-Mubarak Saudi Equity Fund
(Managed by Arab National Investment Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2021

	2021 SR	2020 SR
OPERATING ACTIVITIES		
Net income (loss) for the period	29,987,854	(8,624,734)
Adjustments to reconcile net income (loss) to net cash flows:		
Movement in unrealized (gain) loss on financial assets at FVTPL	(20,910,672)	9,851,240
	9,077,182	1,226,506
Working capital adjustments:		
Increase in financial assets at FVTPL	(7,433,319)	(7,552,961)
Increase in dividend receivable	(194,450)	(29,400)
Increase (decrease) in accrued management and other fees	140,984	(47,413)
Net cash flows from (used in) operating activities	1,590,397	(6,403,268)
FINANCING ACTIVITIES		
Proceeds from issuances of units	6,281,760	462,244
Payment on redemption of units	(3,726,953)	(1,094,864)
Net cash flows from (used in) financing activities	2,554,807	(632,620)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,145,204	(7,035,888)
Cash and cash equivalents at the beginning of the period	7,711,567	10,397,216
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,856,771	3,361,328

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

Al-Mubarak Saudi Equity Fund (Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

1. GENERAL

Al-Mubarak Saudi Equity Fund (the "Fund") is an open-ended fund. The investment objective of the fund is to invest in a broadly diversified portfolio of Saudi Arabian equities excluding conventional commercial banks (other than those banks deemed to be managed in accordance with Shariah principles). The Fund was established on 18 Shawwal 1412H (corresponding to 22 April 1992) by the Arab National Bank ("the Bank").

In accordance with the Capital Market Authority's ("CMA") decision No. 1-83-2005 dated 21 Jumada Awal 1426H (corresponding to 28 June 2005) issued by the CMA Board in connection with the regulations relating to Authorised Persons, the Bank transferred its asset management operations to the Arab National Investment Company (the "Fund Manager"), a wholly owned subsidiary of the Bank, effective 1 January 2008.

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 12/7/1442H. Corresponding to 24/2/2021G (the "Amended Regulations").

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements do not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the annual financial statements for the year ended 31 December 2020.

These interim condensed financial statements have been prepared on a historical cost basis. Except for financial assets at fair value through profit or loss which are stated at their fair value using the accrual basis of accounting and going concern concept.

These interim condensed financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Fund, and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

Results for the interim reporting period are not necessarily indicative of future periods.

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Fund.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Al-Mubarak Saudi Equity Fund
 (Managed by Arab National Investment Company)
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
 At 30 June 2021

5. TRANSACTIONS WITH RELATED PARTIES

A subscription fee of 2% may be charged to the subscribers by the Fund Manager upon subscription.

The Fund pays a management fee at the rate of 1.75% per annum calculated based on the total net asset at each valuation date. In addition, the Fund Manager also charges other fees at a maximum rate of 1% per annum calculated based on the total net asset value at each valuation date to meet other expenses of the Fund.

The management fees amounting to SR 1,178,726 (30 June 2020: SR 930,574) and other fees amounting to SR 279,429 (30 June 2020: SR 139,356) reflected in the interim condensed statement of comprehensive income, represent the fees charged by the Fund Manager as described above.

The accrued management and other fees payable to the Fund Manager at the period-end are disclosed in the interim condensed statement of financial position.

The Unit holders' account at 30 June included units held as follows:

	<i>30 June 2021 Units</i>	<i>30 June 2020 Units</i>
Held by the Fund under same management	25,929	11,708
Held by the employees of the Bank	381	5,211
	<hr/> 26,310 <hr/>	<hr/> 16,919 <hr/>

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting 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. 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 fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

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

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 1 of the fair value hierarchy. All other financial assets and liabilities are classified as amortized cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

Al-Mubarak Saudi Equity Fund
(Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

At 30 June 2021

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table provides the fair value measurement hierarchy of the Fund's financial assets as at 30 June 2021 and 31 December 2020. There are no financial liabilities measured at fair value.

	<i>Total</i> SR	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1)</i> SR	<i>Significant observable inputs (Level 2)</i> SR	<i>Significant unobservable inputs (Level 3)</i> SR
<i>As at 30 June 2021</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	141,795,663	141,795,663	-	-
<i>As at 31 December 2020</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	113,451,672	113,451,672	-	-

7. MATURITY ANALYSIS OF ASSETS AND LIABILITY

The table below summarises the maturity profile of the Fund's financial assets and liabilities based on contractual undiscounted receipts and payments:

<i>As at 30 June 2021 (Unaudited)</i>	<i>Within</i>	<i>After</i>	<i>Total</i>
	<i>12 months</i> SR	<i>12 months</i> SR	SR
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	141,795,663	-	141,795,663
Dividend receivable	285,650	-	285,650
Cash and cash equivalents	11,856,771	-	11,856,771
TOTAL ASSETS	153,938,084	-	153,938,084
LIABILITIES			
Management fees payable	633,701	-	633,701
Accrued Expenses	138,035	-	138,035
TOTAL LIABILITIES	771,736	-	771,736
<i>As at 31 December 2020 (Audited)</i>			
ASSETS			
Financial assets at FVTPL	113,451,672	-	113,451,672
Dividend receivable	91,200	-	91,200
Cash and cash equivalents	7,711,567	-	7,711,567
TOTAL ASSETS	121,254,439	-	121,254,439
LIABILITIES			
Management fees payable	511,011	-	511,011
Accrued Expenses	119,741	-	119,741
TOTAL LIABILITIES	630,752	-	630,752

Al-Mubarak Saudi Equity Fund
(Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

At 30 June 2021

8. LAST VALUATION DAY

The last valuation day of the period / year was 30 June 2021 (2020: 30 December 2020).

9. IMPACT OF COVID-19 ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities and business continuity, the Fund Manager has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

As of the date of unaudited interim condensed financial statements for the six months period ended 30 June 2021, the Fund’s operations and financial results have witnessed impact due to the COVID-19 outbreak mainly as result of decline in the Fund’s investments’ fair values in line with share prices declining trend. The impact of the pandemic on the Fund’s operations and financial results till the date of the interim financial statements has been reflected in the net assets value and investments value. These developments could further impact our future financial results, cash flows and financial condition and the Fund Manager will continue to assess the nature and extent of the impact on its business and financial results.

10. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund’s Board of Directors on 4 Muharram 1443H (corresponding to 12 August 2021).