

Al Fareed Saudi Equity Fund

Interim Condensed Financial Statements and
Independent Auditor's Report
For the Period Ended June 30, 2021

Al Fareed Saudi Equity Fund
Interim Condensed Financial Statements
For the Period Ended June 30, 2021

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Report on review of Interim Condensed Financial Statements

To the Unit holders and the Fund Manager of Al Fareed Saudi Equity Fund:

Introduction

We have reviewed the accompanying interim statement of financial position of Al Fareed Saudi Equity Fund (the "Fund") as at June 30, 2021, and the related interim statements of comprehensive income, cash flows and changes in equity attributable to unitholders for the six-months period then ended and other 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 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', as 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, as 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.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

August 16, 2021



Al Fareed Saudi Equity Fund

INTERIM STATEMENT OF FINANCIAL POSITION

As at

		<i>June 30, 2021 (Unaudited)</i>	<i>December 31, 2020 (Audited)</i>	<i>June 30, 2020 (Unaudited)</i>
	<i>Note</i>	SR	SR	SR
ASSETS				
Cash and cash equivalents	4	1,517,844	1,475,662	2,473,148
Investments at fair value through income statement (FVIS)		56,989,186	43,056,385	36,748,217
Dividends and other receivables		147,196	1,393,674	1,922,624
TOTAL ASSETS		58,654,226	45,925,721	41,143,989
LIABILITIES AND EQUITY				
LIABILITIES				
Redemptions payable		62,000	6,600	-
Dividend payable		85,984	85,984	85,984
Management fee payable	4	282,340	222,122	171,002
Other liabilities		80,695	621,171	3,137,316
TOTAL LIABILITIES		511,019	935,877	3,394,302
EQUITY ATTRIBUTABLE TO UNITHOLDERS		58,143,207	44,989,844	37,749,687
Units in issue		1,664,159	1,691,114	1,803,422
Per unit value		SR 34.94	SR 26.60	SR 20.93

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

Al Fareed Saudi Equity Fund

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended June 30

	<i>Notes</i>	2021 (Unaudited) SR	2020 (Unaudited) SR
INVESTMENT INCOME			
Gains / (losses) on investments FVIS, net	5	13,793,352	(5,271,843)
Dividend and other income	4	755,895	390,189
TOTAL INCOME / (LOSS)		14,549,247	(4,881,654)
EXPENSES			
Management fee	4	522,314	356,945
Others	4	34,066	61,651
TOTAL EXPENSES		556,380	418,596
NET INCOME / (LOSS) FOR THE PERIOD		13,992,867	(5,300,250)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		13,992,867	(5,300,250)

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

Al Fareed Saudi Equity Fund

INTERIM STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2021

	2021	2020
	(Unaudited)	(Unaudited)
Note	SR	SR
OPERATING ACTIVITIES		
Net income/ (loss) for the period	13,992,867	(5,300,250)
<i>Adjustment for:</i>		
Unrealised (gains) / losses on investments at FVIS	5 (10,884,133)	2,682,231
	3,108,734	(2,618,019)
<i>Changes in operating assets and liabilities:</i>		
Investments at FVIS, net	(3,048,668)	6,195,368
Dividends and other receivables	1,246,478	(1,922,624)
Management fee payable	60,218	(49,879)
Other liabilities	(540,476)	2,172,680
Net cash generated from operating activities	826,286	3,777,526
FINANCING ACTIVITIES		
Proceed from units sold	1,739,501	225,500
Value of units redeemed, net	(2,523,605)	(3,903,334)
Net cash used in financing activities	(784,104)	(3,677,834)
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	42,182	99,692
Cash and cash equivalents at the beginning of the period	1,475,662	2,373,456
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,517,844	2,473,148

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

Al Fareed Saudi Equity Fund

INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS

For the six month period ended June 30, 2021

	2021 <i>(Unaudited)</i> SR	2020 <i>(Unaudited)</i> SR
EQUITY AT THE BEGINNING OF THE PERIOD	<u>44,989,844</u>	43,311,056
CHANGES FROM OPERATIONS		
Total comprehensive income / (loss) for the period	<u>13,992,867</u>	(5,300,250)
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from unit sold	1,739,501	225,500
Value of units redeemed	<u>(2,579,005)</u>	(486,619)
Net change from unit transactions	<u>(839,504)</u>	(261,119)
EQUITY AT THE END OF THE PERIOD	<u><u>58,143,207</u></u>	<u>37,749,687</u>

Unit transactions for the period ended June 30 are summarised as follows:

	2021 <i>(Unaudited)</i> Units	2020 <i>(Unaudited)</i> Units
UNITS AT THE BEGINNING OF THE PERIOD	<u>1,691,114</u>	1,814,582
Units sold	53,901	11,143
Units redeemed	<u>(80,856)</u>	(22,303)
Net change in units	<u>(26,955)</u>	(11,160)
UNITS AT THE END OF THE PERIOD	<u><u>1,664,159</u></u>	<u>1,803,422</u>

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

Al Fareed Saudi Equity Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

1 GENERAL

Al Fareed Saudi Equity Fund (the "Fund") is a public open-ended investment fund designed for investors seeking long term capital appreciation and payment of semi - annual dividends at the discretion of the Manager. The assets of the Fund are invested in Saudi Arabian equities listed on Tadawul. Investors can opt to reinvest their semi - annual dividends in the Fund and this is reflected in the unit price through creation of new units.

The Capital Market Authority (the "CMA") on May 31, 2021 has approved the merger of Samba Capital and Investment Management Company ("Samba Capital") into NCB Capital by way of a statutory merger, which will result in all of the rights and obligations of Samba Capital being transferred to NCB Capital. On July 9, 2021, upon the completion of the merger, Samba Capital ceased to exist as a legal entity and NCB Capital continued to exist as the successor legal entity. As a result, NCB Capital replaced Samba Capital as the manager of the Fund and the Fund's terms and conditions were amended accordingly. English name of NCB Capital is amended to become SNB Capital (the "Fund Manager").

The Fund is managed by Fund Manager, a wholly owned subsidiary of Saudi National Bank (the "Bank").

The interim condensed financial statements should be read in conjunction with the annual audited financial statements of the Fund. The interim results may not be an indicator of the annual results of the Fund. There have been no changes to the risk management policies as set out in the audited financial statements for the year ended December 31, 2020.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by the CMA in the Kingdom of Saudi Arabia on 3 Dhul Hijja 1427H (corresponding to December 24, 2006) as amended by the resolution of the CMA Board on 12 Rajab 1442H (corresponding to February 24, 2021).

3 SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2020.

4 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the ordinary course of business, the Fund transacts with the related parties. The principal related parties of the Fund are the Fund Manager, the Bank and the Fund Board.

The Fund pays a management fee calculated at an annual rate of 1.75% (2020: 1.75%) of the net asset value at the end of each Valuation Day. The Bank acts as one of the Fund's bankers. Cash at bank includes SR 645,928 (December 31, 2020: SR 149,973 , June 30, 2020: SR 199,930) held with the Bank. The dividend and other income include special commission income received from the Bank. Trade transactions on the Saudi Stock Exchange are executed through the Manager. Other expenses for the period include SR 1,471 (2020: SR 2,117) towards the Fund Board remuneration.

5 GAINS / (LOSSES) ON INVESTMENTS AT FVIS, NET

	2021	2020
	(Unaudited)	(Unaudited)
	SR	SR
Realised gains / (losses)	2,909,219	(2,589,612)
Unrealised gains / (losses)	10,884,133	(2,682,231)
	13,793,352	(5,271,843)

6 FAIR VALUE ESTIMATION

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 Fund uses following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The estimated fair value of the Fund's financial assets and liabilities is not considered to be significantly different from their carrying values. The fair value of investments at FVIS is based on quoted prices in active markets and are therefore classified within Level 1.

7 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities as at June 30, 2021 were classified under amortised cost category except for investments at FVIS which are classified as and measured at fair value.

8 LAST VALUATION DAY

The last valuation date for the purpose of preparation of these interim condensed financial statements was June 30, 2021 (2020: June 30, 2020).

9 IMPACT OF COVID-19

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are experiencing multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date. The Fund Manager continues to evaluate the current situation through conducting stress-testing scenarios of expected movements in key macroeconomic indicators (e.g. oil prices, GDP etc.) and its impact on key credit, liquidity, operational and solvency ratios and performance indicators in addition to other risk management practices. The management will continue to follow the Government policies and advice and, in parallel, will do its utmost to continue the Fund's operations in the best and safest way possible without jeopardising the health of its employees.

10 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Management on August 16, 2021.