

**ALAHLI GCC TRADING EQUITY FUND**  
(Managed by SNB Capital Company –  
formerly known as NCB Capital Company)  
**CONDENSED INTERIM FINANCIAL**  
**STATEMENTS (UNAUDITED)**  
For the six months period ended 30 June 2021  
together with the  
**Independent Auditor's Review Report**



## KPMG Professional Services

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

Commercial Registration No. 10104245494

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
المركز الرئيسي  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

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

## To the Unitholders of AIAhli GCC Trading Equity Fund

### Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **AIAhli GCC Trading Equity Fund** ("the Fund"), managed by SNB Capital Company (formerly known as NCB Capital Company) ("the Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2021;
- the condensed statement of comprehensive income for the six-month period ended 30 June 2021;
- the condensed statement of changes in equity attributable to the Unitholders for the six-month period ended 30 June 2021;
- the condensed statement of cash flows for the six-month period ended 30 June 2021; 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 IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds 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 the 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 2021 condensed interim financial statements of **AIAhli GCC Trading Equity Fund** are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

### KPMG Professional Services

**Dr. Abdullah Hamad Al Fozan**  
License No. 348

Date: 9 Muharram 1443H  
Corresponding to: 17 August 2021



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كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (١٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

**ALAHLI GCC TRADING EQUITY FUND**  
**(Managed by SNB Capital Company - formerly NCB Capital Company)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

Expressed in Saudi Arabian Riyals ‘000 (unless otherwise stated)

	<i>Note</i>	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	8	<b>12,971</b>	38,697
Investments at fair value through profit and loss (“FVTPL”)	9	<b>304,943</b>	230,311
<b>Total assets</b>		<b><u>317,914</u></b>	<u>269,008</u>
<b>LIABILITY</b>			
Other payables		<b><u>660</u></b>	<u>557</u>
<b>Equity attributable to Unitholders</b>		<b><u>317,254</u></b>	<u>268,451</u>
<b>Units in issue (number in thousand)</b>	10	<b><u>241,602</u></b>	<u>247,577</u>
<b>Equity per unit (SAR)</b>		<b><u>1.3131</u></b>	<u>1.0843</u>

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

**ALAHLI GCC TRADING EQUITY FUND**  
**(Managed by SNB Capital Company - formerly NCB Capital Company)**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**

For the six-months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Note</i>	<b>30 June 2021</b>	30 June 2020
Dividend income		4,261	3,634
Realised gain on investments at FVTPL		40,298	11,964
Unrealised gain / (loss) on investments at FVTPL		14,782	(36,934)
Exchange loss		(12)	(11)
<b>Total income / (loss)</b>		<b>59,329</b>	<b>(21,347)</b>
Management fees	<i>11</i>	(2,667)	(2,054)
Value added tax expense		(400)	(103)
Custody fees		(14)	(81)
Administrative expenses		(25)	(27)
Professional fees		(21)	(19)
Shariah audit fees		(15)	(14)
Fund Board remuneration		(12)	(11)
CMA fees		(4)	(4)
<b>Total operating expenses</b>		<b>(3,158)</b>	<b>(2,313)</b>
<b>Net profit / (loss) for the period</b>		<b>56,171</b>	<b>(23,660)</b>
Other comprehensive income for the period		--	--
<b>Total comprehensive income / (loss) for the period</b>		<b>56,171</b>	<b>(23,660)</b>

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

**ALAHLI GCC TRADING EQUITY FUND**  
**(Managed by SNB Capital Company - formerly NCB Capital Company)**

**CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS**

For the six-months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<b>30 June 2021</b>	30 June 2020
<b>Equity attributable to unitholders at the beginning of the period (Audited)</b>	<b>268,451</b>	242,705
Total comprehensive income / (loss) for the period	<b>56,171</b>	(23,660)
<b>(Decrease) / increase in equity from unit transactions during the period</b>		
Proceeds from units issued	<b>45,166</b>	38,075
Value of units redeemed	<b>(52,534)</b>	(28,766)
	<b>(7,368)</b>	9,309
<b>Equity attributable to unitholders at the end of the period (Unaudited)</b>	<b>317,254</b>	228,354

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

**ALAHLI GCC TRADING EQUITY FUND**  
**(Managed by SNB Capital Company - formerly NCB Capital Company)**

**CONDENSED STATEMENT OF CASH FLOWS (Unaudited)**

For the six-months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Note</i>	<b>30 June 2021</b>	30 June 2020
<b>Cash flow from operating activities</b>			
Net profit / (loss) for the period		<b>56,171</b>	(23,660)
<i>Adjustment for:</i>			
Realised gain on investment at FVTPL		<b>(40,298)</b>	(11,964)
Unrealized (gain) / loss on investment at FVTPL		<b>(14,782)</b>	36,934
		<b>1,091</b>	1,310
Changes in operating assets and liabilities:			
Investments measured at fair value through profit or loss		<b>(19,552)</b>	20,044
Dividend receivables		--	(648)
Other payables		<b>103</b>	(277)
<b>Net cash (used in) / generated from operating activities</b>		<b>(18,358)</b>	20,429
<b>Cash flow from financing activities</b>			
Proceeds from units issued		<b>45,166</b>	38,075
Value of units redeemed		<b>(52,534)</b>	(28,766)
<b>Net cash (used in) / generated from financing activities</b>		<b>(7,368)</b>	9,309
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(25,726)</b>	29,738
Cash and cash equivalents at the beginning of the period	8	<b>38,697</b>	11,105
<b>Cash and cash equivalents at the end of the period</b>	8	<b>12,971</b>	40,843

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

**ALAHLI GCC TRADING EQUITY FUND**  
**(Managed by SNB Capital Company - formerly NCB Capital Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**1. THE FUND AND ITS ACTIVITIES**

AlAhli GCC Trading Equity Fund (“the Fund”) is a Shariah compliant, open-end investment fund, managed by SNB Capital Company (formerly known as NCB capital company) (“the Fund Manager”), a subsidiary of The Saudi National Bank (formerly known as National Commercial Bank) (“the Bank”), for the benefit of the Fund's Unitholders. NCB Capital Company has completed its merger proceedings with the Samba Capital & Investment Management Company effective July 9, 2021 and the name has been changed to SNB Capital Company. The Fund is established under Article 31 of the Investment Fund Regulations (“the Regulation”) issued by the Capital Market Authority (“CMA”).

As defined in Capital Market Authority's (“CMA”) Regulation No. 2-83-2005 dated 21 Jumada Awal 1426H (28 June 2005) the Fund Manager conducts following securities' activities:

- a) Dealing;
- b) Arranging;
- c) Managing;
- d) Advising; and
- e) Custody.

The Fund's objective is to achieve long-term capital growth by actively managing a concentrated portfolio of Shariah complaint companies in the GCC equity market. The Fund will not make any distributions to Unitholders. Instead, capital gains and dividends will be reinvested. Surplus cash may be invested in Shariah compliant Murabaha funds.

The terms and conditions of the Fund were approved by the Capital Markets Authority (“CMA”) on 29 December 2014 (corresponding to 7 Rabi Al-Awwal 1436 H). The Fund commenced its activities on 6 October 2005.

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended on 16 Sha'ban 1437 H (corresponding to 23 May 2016). The Regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

**2. BASIS OF ACCOUNTING**

These condensed interim 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 and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority, the Fund's terms and conditions and the Information Memorandum.

The 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 2020. Further, the results for the six months period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

**3. BASIS OF MEASUREMENT**

The condensed interim financial statements have been prepared on a historical cost convention using the accrual basis of accounting and going concern except for investments measured at fair value through profit or loss (FVTPL) which are recorded at fair value.

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 condensed statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. All amounts have been rounded to nearest thousand SAR, unless otherwise indicated.

**ALAHLI GCC TRADING EQUITY FUND**  
**(Managed by SNB Capital Company - formerly NCB Capital Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**4. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). These condensed interim financial statements are presented in Saudi Arabian Riyal (“SAR”) which is the Fund’s functional and presentation currency.

**5. CHANGES IN FUND’S TERMS AND CONDITIONS**

During the period, the Fund Manager did not make any revisions to the terms and conditions of the Fund.

**6. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the condensed interim financial statements requires management to make judgements, 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. The significant assumptions made by the Fund Manager in applying the Fund’s accounting policies and the key sources of estimation uncertainty are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020.

*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 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

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a market price, because this price is reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognizes transfer between levels of fair value at the end of the reporting period during which the change has occurred.

The fair value hierarchy has the following levels:

- 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 fund has classified the investment measured at FVTPL per the fair value hierarchy as level 1. During the year there has been no transfer in fair value hierarchy for investments at FVTPL. The carrying values of other financial instruments such as cash and cash equivalents, dividend receivables and other payables are a reasonable amounts approximation of the fair value.

**ALAHLI GCC TRADING EQUITY FUND**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

**7. SIGNIFICANT ACCOUNTING POLICIES**

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

*a. New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund*

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on 1 January 2021. The Fund manager has assessed that the amendments does not have significant impact on the Fund's financial statements.

**Standards / Interpretations and Amendments**

Amendments to IFRS 16 – COVID - 19 Related Rent Concessions

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2

*b. Standards issued but not yet effective*

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt these standards when they become effective.

<b><u>Standards / Interpretations and amendments</u></b>	<b><u>Description</u></b>	<b><i>Effective from periods beginning on or after the following date</i></b>
Amendments to IAS 37	Onerous Contracts: Cost of fulfilling a contract	1 January 2022
Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41	Annual improvements to IFRS standards 2018-2020	1 January 2022
Amendments to IFRS 3	Reference to the conceptual Framework	1 January 2022
Amendments to IAS 1	Classification of liabilities as current and non-current	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 1 and IFRS practice statements 2	Disclosure of accounting policies	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor or Joint Venture	Available for optional adoption / effective date deferred indefinitely

The above amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements

**8. CASH AND CASH EQUIVALENTS**

This comprises of balances held with a local bank having a sound credit rating.

**ALAHLI GCC TRADING EQUITY FUND**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

**9. INVESTMENTS**

The composition of investments measured at fair value through profit or loss by industry sector is summarized below:

<u><i>Industry Sector</i></u>	<u><i>30 June 2021 (Unaudited)</i></u>		
	<u><i>% of Total</i></u>		
	<u><i>Investment</i></u>	<u><i>Cost</i></u>	<u><i>Fair</i></u>
	<u><i>(Fair Value)</i></u>		<u><i>Value</i></u>
Real Estate Development	20.44	65,491	62,328
Banking & Financial Services	25.58	60,982	77,990
Petrochemical Industries	16.81	44,435	51,251
Retail	14.33	35,679	43,686
Transportation	8.78	25,324	26,782
Cement	3.97	11,858	12,116
Building Construction	2.92	8,321	8,907
Insurance	3.14	8,260	9,583
Telecommunication and Information Technology	4.03	8,248	12,300
<b>Total</b>	<b>100</b>	<b>268,598</b>	<b>304,943</b>

<u><i>Industry Sector</i></u>	<u><i>31 December 2020</i></u>		
	<u><i>% of Total</i></u>		
	<u><i>Investment</i></u>	<u><i>Cost</i></u>	<u><i>Fair</i></u>
	<u><i>(Fair Value)</i></u>		<u><i>Value</i></u>
Retail	24.50	43,716	56,412
Transportation	21.53	48,068	49,593
Telecommunication and Information Technology	13.87	27,221	31,949
Petrochemical Industries	11.23	24,171	25,864
Cement	10.63	23,067	24,472
Banking & Financial Services	6.07	11,374	13,985
Energy Utilities	5.55	12,455	12,781
Real Estate Development	3.47	12,350	8,002
Insurance	3.15	6,326	7,253
<b>Total</b>	<b>100</b>	<b>208,748</b>	<b>230,311</b>

**ALAHLI GCC TRADING EQUITY FUND**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

**10. UNITS TRANSACTIONS**

Transactions in units during the period are summarized as follows:

	<b>For the period ended 30 June 2021 Units' 000</b>	For the period ended 30 June 2020 Units' 000
<b>Units at the beginning of the period (Audited)</b>	<b>247,577</b>	229,313
Units issued	<b>38,444</b>	40,330
Units redeemed	<b>(44,419)</b>	(31,174)
<b>Net (decrease) / increase in units during the period</b>	<b>(5,975)</b>	9,156
<b>Units at the end of the period (Unaudited)</b>	<b>241,602</b>	238,469

As at 30 June 2021, top 5 unitholders (30 June 2020: top 5) represented 57.07% (30 June 2020: 48.46%) of the Fund's units.

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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. The related party of the Fund includes Fund Manager, Fund Board, funds managed by the Fund Manager, and Saudi National Bank, being major shareholder of the Fund Manager.

***Management fee and other expenses***

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues, daily a management fee, as determined by the Fund Manager, which should not be more than the maximum annual rate of 1.85% p.a. of the Fund's daily equity as set out in the Fund's terms and conditions.

The Fund Manager is also entitled to recover expenses incurred on behalf of the Fund relating to audit, custody, advisory, data processing and other similar charges. The maximum amount of such expenses that can be recovered from the Fund by the Fund Manager is restricted to 1% per annum of the Fund's equity at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis.

**ALAHLI GCC TRADING EQUITY FUND**  
**(Managed by SNB Capital Company - formerly NCB Capital Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

For the six months period ended 30 June 2021

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

**11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

*Transactions with related parties*

During the period, the Fund entered into the following transactions, other than those disclosed elsewhere in the financial statements, with related parties in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions are approved by the Fund Board.

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transactions</u>		<u>Balance as at</u>	
		<u>2021</u>	<u>2020</u>	<u>30 June 2021</u> (Unaudited)	<u>31 December 2020</u> (Audited)
SNBC	Management fee	<b>2,667</b>	2,054	<b>660</b>	<b>469</b>
	Expenses paid on behalf of the Fund	<b>491</b>	259	<b>--</b>	<b>--</b>

**12. IMPACT OF COVID-19**

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing re swinging waves of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of the Kingdom of Saudi Arabia (“the Government”) however, has managed to successfully control the outbreak to date, owing primarily to the effective measures taken by the Government. The Government's vaccination drive is in full swing and it is expected that the majority of the population will be vaccinated in the near future.

The Fund Manager however continues to be cognizant of both the micro and macroeconomic challenges that COVID-19 has posed, the effects of which may be felt for some time and is closely monitoring it's exposures.

**13. LAST VALUATION DAY**

The last valuation day of the period was 30 June 2021 (2020: 31 December 2020).

**14. APPROVAL OF THE FINANCIAL STATEMENTS**

These condensed interim financial statements were approved by the Fund Manager on 8 Muharram 1443H corresponding to 16 August 2021.