

ALAHLI GCC GROWTH AND INCOME 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

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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 Growth and Income Fund

Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **AIAhli GCC Growth and Income 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 Growth and Income 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 "الشركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.

ALAHLI GCC GROWTH AND INCOME FUND
(Managed by SNB Capital Company - formerly known as 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>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Cash and cash equivalents	8	4,867	14,555
Investments at fair value through profit and loss (FVTPL)	9	108,122	91,255
Total assets		112,989	105,810
LIABILITY			
Other payables		241	230
Equity attributable to unitholders		112,748	105,580
Units in issue (number in thousands)	10	64,694	71,723
Equity per unit (SAR)		1.7428	1.4720

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

ALAHLI GCC GROWTH AND INCOME FUND
(Managed by SNB Capital Company - formerly known as NCB Capital Company)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the six-month period ended 30 June 2021

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

	<i>Note</i>	30 June 2021	30 June 2020
Dividend income		1,696	1,971
Unrealized gain / (loss) on investments at FVTPL		7,369	(16,732)
Realized gain on sale of investments at FVTPL		11,755	4,032
Exchange loss		(9)	(18)
Other income		--	12
Total income / (loss)		20,811	(10,735)
Management fees	11	(986)	(993)
Value added tax expense		(148)	(50)
Professional fees		(21)	(20)
Shariah audit fees		(15)	(14)
Fund Board remuneration		(12)	(10)
Administrative expenses		(9)	(16)
CMA fees		(4)	(4)
Custody fees		(1)	(44)
Total operating expenses		(1,196)	(1,151)
Net profit / (loss) for the period		19,615	(11,886)
Other comprehensive income for the period		--	--
Total comprehensive income / (loss) for the period		19,615	(11,886)

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

ALAHLI GCC GROWTH AND INCOME FUND
(Managed by SNB Capital Company - formerly known as NCB Capital Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS

For the six-month period ended 30 June 2021

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

	30 June <u>2021</u>	30 June <u>2020</u>
Equity attributable to unitholders at the beginning of the period (Audited)	105,580	124,659
Total comprehensive income / (loss) for the period	19,615	(11,886)
Decrease in equity from unit transactions during the period		
Proceeds from units issued	3,603	1,399
Value of units redeemed	(14,601)	(6,781)
Income distribution to Unitholders	(1,449)	(1,000)
	(12,447)	(6,382)
Equity attributable to unitholders at the end of the period (Unaudited)	112,748	106,391

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

ALAHLI GCC GROWTH AND INCOME FUND
(Managed by SNB Capital Company - formerly known as NCB Capital Company)

CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the six-month period ended 30 June 2021

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

	<i>Note</i>	30 June 2021	30 June 2020
Cash flow from operating activities			
Profit / (loss) for the period		19,615	(11,886)
<i>Adjustment for:</i>			
Realised gain on investments at FVTPL		(11,755)	(4,032)
Unrealised (gain) / loss on investments at FVTPL		(7,369)	16,732
		491	814
Changes in operating assets and liabilities:			
Investments measured at fair value through profit or loss		2,257	21,115
Other receivables		--	(452)
Other payables		11	(77)
Net cash generated from operating activities		2,759	21,400
Cash flow from financing activities			
Proceeds from units issued		3,603	1,399
Value of units redeemed		(14,601)	(6,781)
Income distribution to unitholders		(1,449)	(1,000)
Net cash used in financing activities		(12,447)	(6,382)
Decrease / increase in cash and cash equivalents		(9,688)	15,018
Cash and cash equivalents at the beginning of the period	8	14,555	2,110
Cash and cash equivalents at the end of the period	8	4,867	17,128

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

ALAHLI GCC GROWTH AND INCOME FUND
(Managed by SNB Capital Company - formerly known as NCB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six month period ended 30 June 2021

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

1. THE FUND AND ITS ACTIVITIES

AlAhli GCC Growth and Income Fund (“the Fund”) is a Shariah compliant, open-ended investment fund, managed by SNB Capital Company (“the Fund Manager”) (formerly known as NCB Capital Company), a subsidiary of The Saudi National Bank (“the Bank”) (formerly known as National Commercial 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 Regulations”) issued by the Capital Market Authority (“CMA”).

As defined in 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 is established with the objective to provide investors with long-term capital growth through investments in GCC equity markets companies in accordance with the Shariah guidelines issued by the Fund Shariah Board. In addition, the Fund may also invest in funds that invest in Saudi or GCC markets.

The terms and conditions of the Fund were originally approved by the Saudi Central Bank (“SAMA”) and subsequently endorsed by CMA through their letter dated 18 Dhul Hijja 1429H (corresponding to 16 December 2008). The Fund commenced its activities on 31 October 2011.

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 concept 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 the nearest thousand SAR, unless otherwise indicated.

ALAHLI GCC GROWTH AND INCOME FUND
(Managed by SNB Capital Company - formerly known as NCB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six month period ended 30 June 2021

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

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.

a) Measurement of fair value

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 ongoing basis. The Fund measures instruments quoted in an active market at a market price, because this price is a 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 transfers between levels of fair value at the end of the reporting year 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 except for the Mutual Funds which is at level 2. 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, and other receivables, are reasonable approximate of the fair value.

ALAHLI GCC GROWTH AND INCOME FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six month 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.

<u>Standards / Interpretations and amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
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 any 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 GROWTH AND INCOME FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six month period ended 30 June 2021

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

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (“FVTPL”)

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

<i>Industry Sector</i>	<i>30 June 2021 (Unaudited)</i>		
	<i>% of Total</i>		
	<i>Investment</i>	<i>Cost</i>	<i>Fair Value</i>
	<i>(Fair Value)</i>		
Petrochemical Industries	27.63	26,060	29,875
Banks and Financial Services	18.54	13,319	20,048
Real Estate Development	14.40	16,634	15,572
Retail	13.58	13,776	14,680
Transport	9.41	9,736	10,173
Telecommunication and Information technology	6.51	3,237	7,041
Cement	4.18	3,815	4,517
Building Construction	3.12	3,288	3,373
Insurance	2.63	2,255	2,843
Total	100	92,120	108,122

<i>Industry Sector</i>	<i>31 December 2020 (Audited)</i>		
	<i>% of Total</i>		
	<i>Investment</i>	<i>Cost</i>	<i>Fair Value</i>
	<i>(Fair Value)</i>		
Retail	25.53	19,161	23,296
Cement	15.71	13,606	14,332
Petrochemical Industries	13.97	11,378	12,746
Transport	12.72	12,188	11,610
Telecommunication and Information technology	11.31	7,306	10,325
Real Estate Development	6.40	7,646	5,840
Energy Utilities	5.90	5,257	5,384
Banks and Financial Services	5.68	4,019	5,184
Insurance	2.78	2,061	2,538
Total	100	82,622	91,255

ALAHLI GCC GROWTH AND INCOME FUND
(Managed by SNB Capital Company - formerly known as NCB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six month 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:

	<i>For the period ended 30 June <u>2021</u> Units' 000</i>	<i>For the period ended 30 June <u>2020</u> Units' 000</i>
Units at the beginning of the period (Audited)	71,723	85,589
Units issued	2,111	1,054
Units redeemed	(9,140)	(4,917)
Net decrease in units during the period	(7,029)	(3,863)
Units at the end of the period (Unaudited)	64,694	81,726

As at 30 June 2021, top 5 unitholders (30 June 2020: top 5) represented 43.09% (30 June 2020: 27.75%) 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 The 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 1.5% 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 GROWTH AND INCOME FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six month 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 2020</u> (Unaudited)	<u>31 December 2019</u> (Audited)
NCBC	Management fee	986	993	241	188
	Expenses paid on behalf of the Fund	210	158	--	--

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.