

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by SNB Capital Company)
CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
For the six months period ended 30 June 2022
together with the
Independent Auditor's Review Report to the Unitholders



KPMG Professional Services

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كي بي إم جي للاستشارات المهنية

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صندوق بريد 92876
الرياض 11663
المملكة العربية السعودية
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

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

To the Unitholders of SNB Capital North America Index Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **SNB Capital North America Index Fund** (the "Fund"), managed by SNB Capital Company ("the Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2022;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022;
- the condensed statement of changes in equity attributable to the Unitholders for the six-month period ended 30 June 2022;
- the condensed statement of cash flows for the six-month period ended 30 June 2022; 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 Funds Regulations issued by the Capital Market Authority and the Fund's terms and conditions. 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 ("ISAs") 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 2022 condensed interim financial statements of **SNB Capital North America Index 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.

KPMG Professional Services

إبراهيم عبود باشن

Ebrahim Oboud Baeshen

License No. 382

Date: 19 Muharram 1444H

Corresponding to: 17 August 2022



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كي بي إم جي للاستشارات المهنية شركة مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاء محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لشركة كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

		30 June 2022 (Unaudited)	31 December 2021 (Audited)
	<i>Notes</i>		
ASSETS			
Cash and cash equivalents	8	2,027	2,116
Investments	9	347,358	458,055
Other receivables		340	167
Total assets		349,725	460,338
LIABILITY			
Other payables		1,692	1,299
Equity attributable to the Unitholders		348,033	459,039
Units in issue in thousands (number)	10	54,008	53,973
Equity per unit (USD)		6.4440	8.5050

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

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

For the six months period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

		For the six months period ended 30 June	
	<i>Note</i>	<u>2022</u>	<u>2021</u>
Dividend income		2,075	1,430
Realised gain on sale of FVTPL investments		10,848	10,150
Unrealised (loss) / gain on FVTPL investments		(124,209)	30,134
Total (loss) / income		<u>(111,286)</u>	<u>41,714</u>
Management fees	11	(612)	(455)
Value added tax expense		(92)	(81)
Administrative expenses		(28)	(23)
Custody fees		(6)	(6)
Professional fees		(5)	(5)
Shariah audit fees		(4)	(4)
Fund Board remuneration		(3)	(3)
Capital Market Authority fees		(1)	(1)
Total operating expenses		<u>(751)</u>	<u>(578)</u>
(Loss) / profit for the period		<u>(112,037)</u>	<u>41,136</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive (loss) / income for the period		<u>(112,037)</u>	<u>41,136</u>

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

SNB CAPITAL NORTH AMERICA INDEX FUND**(Managed by SNB Capital Company)****CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS (Unaudited)**

For the six months period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

	For the six months period ended 30 June	
	<u>2022</u>	<u>2021</u>
Equity attributable to the Unitholders at the beginning of the period (Audited)	459,039	263,767
Total comprehensive (loss) / income for the period	(112,037)	41,136
Increase in equity from unit transactions during the period		
Proceeds from units sold	91,171	114,432
Value of units redeemed	(90,140)	(52,640)
	1,031	61,792
Equity attributable to Unitholders at the end of the period (Unaudited)	<u>348,033</u>	<u>366,695</u>

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

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the six months period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

		For the six months period ended 30 June	
	<i>Note</i>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
(Loss) / profit for the period		(112,037)	41,136
<i>Adjustments for:</i>			
Realised loss on sale of FVTPL investments		(10,848)	(10,150)
Unrealised (loss) / gain on FVTPL investments		<u>124,209</u>	<u>(30,134)</u>
		1,324	852
<i>Changes in operating assets and liabilities:</i>			
Investments		(2,664)	(62,497)
Other receivables		(173)	(441)
Other payables		<u>393</u>	<u>106</u>
Net cash used in operating activities		<u>(1,120)</u>	<u>(61,980)</u>
Cash flows from financing activities			
Proceeds from units sold		91,171	114,432
Value of units redeemed		<u>(90,140)</u>	<u>(52,640)</u>
Net cash generated from financing activities		<u>1,031</u>	<u>61,792</u>
Decrease in cash and cash equivalents		(89)	(188)
Cash and cash equivalents at the beginning of the period	8	<u>2,116</u>	<u>800</u>
Cash and cash equivalents at the end of the period	8	<u>2,027</u>	<u>612</u>

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

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

1. THE FUND AND ITS ACTIVITIES

SNB Capital North America Index Fund (the “Fund”) is a Shariah compliant, open-ended investment fund, managed by SNB Capital Company (the “Fund Manager”), a subsidiary of The Saudi National Bank (the “Bank”) established under article 31 of the Investment Fund Regulations (“the Regulations”) issued by the Capital Market Authority (“CMA”), for the benefit of the Fund’s Unitholders.

The Fund’s investments are held by Northern Trust, a custodian appointed by the Fund Manager.

The Fund Manager has appointed an international investment house, TCW Asset Management Company, United States of America as sub-manager to the Fund. Their duties include opening separate independent investment accounts and managing the Fund’s assets in line with the investment strategies and Shariah guidelines.

The Fund invests primarily in securities of companies listed on major US and Canadian stock exchanges. Surplus cash balances may be placed in Murabaha transactions. All held for trading investments are United States Dollar (USD) and Canadian Dollar denominated.

The terms and conditions of the Fund were originally approved by the Saudi Central Bank (SAMA) and subsequently endorsed by CMA through its letter dated 18 Dhul Hijja 1429 H (corresponding to 16 December 2008).

The Fund is governed by the Investment Funds 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 Regulations were 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 became effective 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”) is endorsed in the Kingdom of Saudi Arabia and comply with the applicable provisions of the Regulations and the Fund’s terms and conditions.

These condensed interim financial statements do not include all information and disclosures required for a complete set financial statements and should be read in conjunction with annual audited financial statements of the Fund as at and for the year ended 31 December 2021.

3. BASIS OF MEASUREMENT

The condensed interim financial statements have been prepared on a historical cost convention using 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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 2022

Expressed in US Dollars '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 United States Dollar (“USD”) which is the Fund’s functional and presentation currency and have been rounded off to the nearest thousand.

5. CHANGES IN FUND’S TERMS AND CONDITIONS

During the period, there have been no changes in 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 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. The basis and the methods used for critical accounting judgements, estimates and assumptions adopted are consistent with those used in the preparation of the annual audited financial statements as at and for the year ended 31 December 2021.

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 audited financial statements of the Fund as at and for the year ended 31 December 2021.

a) Standards, interpretations and amendments effective during the period

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective on or after 1 January 2022. The Fund manager has assessed that the amendments have no significant impact on the Fund’s condensed interim financial statements:

Amendments to IFRS 16 – Covid -19 Related Rent Concessions beyond 30 June 2021

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards 2018-2020

Amendments to IFRS 3 - Reference to the Conceptual Framework

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For the six months period ended 30 June 2022

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7. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Standards, interpretations and amendments issued but not yet effective

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

<i>Standards / Interpretations and amendments</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
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 Bank having a sound credit rating.

9. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The composition of listed equity investments measured at FVTPL by currency is summarised below:

<i>Currency</i>	<i>Country</i>	30 June 2022 (Unaudited)		
		<i>% of Total Value (fair value)</i>	<i>Cost</i>	<i>Fair Value</i>
United States Dollar	Canada, Ireland, Netherlands, Switzerland, and United States of America	97.60	325,164	339,037
Canadian Dollar	Canada	2.40	7,737	8,321
		100.00	332,901	347,358

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For the six months period ended 30 June 2022

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9. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS
(Continued)

		31 December 2021 (Audited)		
<i>Currency</i>	<i>Country</i>	% of Total Value (fair value)	<u>Cost</u>	<u>Fair Value</u>
United States Dollar	Bermuda, Canada, Ireland, Netherlands, Switzerland, and United States of America	97.73	311,049	447,675
Canadian Dollar	Canada	2.27	8,340	10,380
		100.00	319,389	458,055

The composition of listed equity investments measured at FVTPL by industry sector is summarised below:

30 June 2022 (Unaudited)			
<i>Industry Sector</i>	% of total investments (fair value)	<u>Cost</u>	<u>Fair Value</u>
Information Technology	28.25	101,902	98,114
Health Care	20.45	63,140	71,047
Industrials	17.63	60,696	61,234
Consumer Goods	15.88	49,003	55,161
Consumer Services	6.69	24,419	23,234
Oil & Gas	6.15	16,591	21,359
Basic Materials	3.48	12,039	12,097
Financial Services	1.47	5,111	5,112
	100.00	332,901	347,358

31 December 2021 (Audited)			
<i>Industry Sector</i>	% of total investments (fair value)	<u>Cost</u>	<u>Fair Value</u>
Information Technology	35.41	105,429	162,208
Industrials	17.68	58,290	80,993
Health Care	17.11	59,506	78,360
Consumer Goods	15.03	44,735	68,837
Consumer Services	6.95	21,808	31,830
Oil & Gas	3.51	15,261	16,061
Basic Materials	2.77	9,638	12,686
Financial Services	1.54	4,722	7,080
	100.00	319,389	458,055

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 2022

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10. UNIT TRANSACTIONS

Transactions in units during the period are summarised as follows:

	For the six months period ended 30 June	
	<u>2022</u> Units '000	<u>2021</u> Units '000
Units at the beginning of the period (Audited)	53,973	39,758
Units sold	12,303	16,392
Units redeemed	(12,268)	(7,564)
Net increase in units during the period	35	8,828
Units at the end of the period (Unaudited)	54,008	48,586

11. RELATED PARTY TRANSACTIONS AND BALANCES

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

Management fees and other expenses

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues daily management fee, as determined by the Fund Manager, which should not be more than the maximum annual rate of 0.3% (2021: 0.3%) per annum 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 0.5% (2021: 0.3%) 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. Following are the details of transactions and balances and closing balance with the Fund manager related to management fees and other expenses

Related party	Nature of transaction	Amounts of transactions for the six-month period ended 30 June		Balance as at	
		2022 (Unaudited)	2021 (Unaudited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
SNB Capital Company	Management fees	612	455	593	157
	Expenses paid on behalf of the Fund	139	123		

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 2022

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11. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Transactions with related parties

During the period, other funds managed by the Fund Manager invested in the units of the Fund 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. Following are the details of transactions and closing balance in the units of the Fund:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions for the six-month period ended 30 June</u>		<u>Balance as at</u>	
		<u>2022</u>	<u>2021</u>	<u>30 June</u>	<u>31 December</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
SNB Capital Multi-Asset Conservative Fund	Subscription of Fund units	--	--		
	Redemption of Fund units	<u>651</u>	<u>16,300</u>	<u>11,714</u>	<u>16,229</u>
SNB Capital Multi-Asset Moderate Fund	Subscription of Fund units	--	--		
	Redemption of Fund units	<u>--</u>	<u>12,620</u>	<u>25,696</u>	<u>33,996</u>
SNB Capital Multi-Asset Growth Fund	Subscription of Fund units	--	--		
	Redemption of Fund units	<u>--</u>	<u>560</u>	<u>18,818</u>	<u>24,897</u>
SNB Capital King Saud University Waqf Fund	Subscription of Fund units	<u>84</u>	--		
	Redemption of Fund units	<u>161</u>	<u>--</u>	<u>402</u>	<u>887</u>

12. FAIR VALUE MEASUREMENT

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 assessed to be a reasonable approximation of the exit price.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

12. FAIR VALUE MEASUREMENT (Continued)

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 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 cash and cash equivalents and investments measured at fair value through profit or loss (FVTPL) as level 1 as per the fair value hierarchy, while the remaining financial assets and liabilities are classified as level 3. During the period, there has been no transfer in fair value hierarchy. For other financial assets and liabilities, such as cash and cash equivalents, other receivables and other payables, the carrying values were determined to be a reasonable approximation of fair value due to their nature.

13. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these condensed interim financial statements was 30 June 2022 (2021: 31 December 2021).

14. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Manager on 19 Muharram, 1444H corresponding to 17 August 2022.