

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



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
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 Global Healthcare Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **SNB Capital Global Healthcare 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 Global Healthcare 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

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 مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (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 التابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

SNB CAPITAL GLOBAL HEALTHCARE 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	531	649
Investments	9	63,507	81,355
Other receivables		4,891	23
Total assets		68,929	82,027
LIABILITIES			
Other payables		5,111	255
Equity attributable to the Unitholders		63,818	81,772
Units in issue in thousands (number)	10	20,848	22,314
Equity per unit (USD)		3.0611	3.6646

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

SNB CAPITAL GLOBAL HEALTHCARE FUND
(Managed by SNB Capital Company)

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

For the six-month period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2022</u>	<u>2021</u>
Unrealised loss on FVTPL investments – net		(13,715)	(5,310)
Realised gain on FVTPL investments – net		717	10,008
Dividend income		518	470
Total (loss) / income		<u>(12,480)</u>	<u>5,168</u>
Management fee	11	(641)	(656)
Value added tax expense		(96)	(116)
Administrative expenses		(8)	(8)
Professional fees		(5)	(5)
Shariah audit fee		(4)	(4)
Fund Board remuneration		(3)	(3)
Custody fee		(2)	(2)
Capital Market Authority fees		<u>(1)</u>	<u>(1)</u>
Total operating expenses		<u>(760)</u>	<u>(795)</u>
(Loss) / profit for the period		<u>(13,240)</u>	<u>4,373</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive (loss) / income for the period		<u>(13,240)</u>	<u>4,373</u>

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

SNB CAPITAL GLOBAL HEALTHCARE FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO

THE UNITHOLDERS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

	For the six-month period ended 30 June	
	<u>2022</u>	<u>2021</u>
Equity attributable to the Unitholders at the beginning of the period (Audited)	81,772	72,587
Total comprehensive (loss) / income for the period	(13,240)	4,373
Decrease in equity from unit transactions during the period		
Proceeds from units issued	1,564	4,530
Value of units redeemed	(6,278)	(4,719)
	<u>(4,714)</u>	<u>(189)</u>
Equity attributable to the Unitholders at the end of the period (Unaudited)	<u>63,818</u>	<u>76,771</u>

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

SNB CAPITAL GLOBAL HEALTHCARE FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
(Loss) / profit for the period		(13,240)	4,373
<i>Adjustments for:</i>			
Realised gain on FVTPL investments – net		(717)	(10,008)
Unrealised loss on FVTPL investments - net		13,715	5,310
		(242)	(325)
<i>Changes in operating assets and liabilities:</i>			
FVTPL investments		4,850	(2,528)
Other receivables		(4,868)	815
Other payables		4,856	341
Net cash generated from / (used in) operating activities		4,596	(1,697)
Cash flows from financing activities			
Proceeds from issuance of units		1,564	4,530
Payments on redemptions of the units		(6,278)	(4,719)
Net cash used in financing activities		(4,714)	(189)
Decrease in cash and cash equivalents		(118)	(1,886)
Cash and cash equivalents at the beginning of the period	8	649	2,297
Cash and cash equivalents at the end of the period	8	531	411

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

SNB CAPITAL GLOBAL HEALTHCARE FUND
(Managed by SNB Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

1. THE FUND AND ITS ACTIVITIES

SNB Capital Global Healthcare Fund (formerly known as AlAhli Healthcare Trading Equity Fund) (the “Fund”) is a Shariah compliant, open-ended investment fund, managed by SNB Capital Company, 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 Corporation, 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 assets in line with the investment strategies and Shariah guidelines.

The Fund invests in securities of Shariah compliant companies involved in healthcare services and related activities, listed on major international stock exchanges and complying with Shariah Principles for investment. Surplus cash balances may be placed in Murabaha contracts.

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 commenced its activities on 30 October 2000 corresponding to 3 Shaban, 1421h.

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 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 of financial statements and should be read in conjunction with the Fund’s 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 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.

SNB CAPITAL GLOBAL HEALTHCARE FUND
(Managed by SNB Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month 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 unless otherwise stated.

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, JUDGMENTS 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 basis and the methods used for critical accounting judgements, estimates and assumptions adopted are consistent with those used in the preparation of the annual financial statements of the Fund 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 for the year ended 31 December 2021.

a. Standards, interpretations and amendments effective during the year

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 and accordingly adopted by the Fund, as applicable:

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

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:

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

<i><u>Standards, interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></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 standards, interpretations and amendments are not expected to have a significant impact on the Fund's condensed interim financial statements.

8. CASH AND CASH EQUIVALENTS

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

9. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

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

		30 June 2022 (Unaudited)		
<i><u>Currency</u></i>	<i><u>Country</u></i>	<i><u>% of total investments (fair value)</u></i>	<i><u>Cost</u></i>	<i><u>Fair value</u></i>
United States Dollar	Curacao, France, Ireland and nited States of America	61.15	34,035	38,837
Swiss Franc	Switzerland	13.86	8,386	8,798
Euro	Belgium, Finland, France, Germany, Italy, Luxembourg, Netherlands and Spain	10.35	7,016	6,575
Danish Krone	Denmark	6.85	3,781	4,348
Pound Sterling	United Kingdom	4.80	2,787	3,046
	Thailand, Sweden, Australia, Singapore, Japan, and Norway	2.99	1871	1903
		100.00	57,876	63,507

SNB CAPITAL GLOBAL HEALTHCARE FUND
(Managed by SNB Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

9. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

<i>Currency</i>	<i>Country</i>	31 December 2021 (Audited)		
		<i>% of total investments (fair value)</i>	<i>Cost</i>	<i>Fair value</i>
United States Dollar	United States of America and Ireland	62.27	36,976	50,657
Swiss Franc	Switzerland	14.51	9,014	11,806
Euro	Denmark, France, Germany, Luxembourg and Netherlands	9.37	6,282	7,619
Danish Krone	Denmark	8.37	5,895	6,808
Australian Dollar	Australia	1.68	1,121	1,363
Others	United Kingdom, Sweden, Japan, Norway, and Singapore	3.80	2,721	3,102
		<u>100.00</u>	<u>62,009</u>	<u>81,355</u>

10. UNITS TRANSACTION

Transactions in units during the period are summarised as follows:

	For the six-month period ended 30 June	
	<u>2022</u> <u>Units '000</u>	<u>2021</u> <u>Units '000</u>
Units at the beginning of the period (Audited)	22,314	23,042
Units issued	481	1,424
Units redeemed	(1,947)	(1,480)
Net decrease in units during the period	(1,466)	(56)
Units at the end of the period (Unaudited)	20,848	22,986

SNB CAPITAL GLOBAL HEALTHCARE FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

11. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Fund Manager, the 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 a management fee, which should not be more than the maximum annual rate of 1.85% (2021:1.85%) per annum of the Fund's daily net assets as set out in the Fund's terms and conditions.

The Fund Manager is also entitled to recover administrative and other 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% (2021:0.5%) 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. 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 during the six-month period ended		Balance as at	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
SNB Capital Company	Management fees	641	656	621	413
	Expenses paid on behalf of the Fund	119	139		

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 reasonable approximation of the exit price.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

12. FAIR VALUE ESTIMATION (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 recognises 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 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 these condensed interim financial statements was 30 June 2022 (2021: 30 December 2021).

14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

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