

SNB CAPITAL FREESTYLE SAUDI EQUITY 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



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كي بي إم جي للاستشارات المهنية

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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 Freestyle Saudi Equity Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **SNB Capital Freestyle Saudi Equity 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 Freestyle Saudi Equity 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 باعشن

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 مقفلة، 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 والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

SNB CAPITAL FREESTYLE SAUDI EQUITY FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

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

	<i>Notes</i>	<i>30 June 2022</i> (Unaudited)	<i>31 December 2021</i> (Audited)
ASSETS			
Cash and cash equivalents	8	49,287	6,649
Investments	9	446,048	178,523
Total assets		495,335	185,172
LIABILITIES			
Other payables		4,857	423
Equity attributable to the Unitholders		490,478	184,749
Units in issue in thousands (number)	10	190,132	78,745
Equity per unit (SAR)		2.5797	2.3462

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

SNB CAPITAL FREESTYLE SAUDI EQUITY 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 Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Note</i>	For the six-month period ended 30 June	
		<u>2022</u> (Unaudited)	<u>2021</u> (Audited)
Realised gain on FVTPL investments – net		19,752	17,953
Unrealised (loss) / gain FVTPL investments – net		(40,423)	10,678
Dividend income		2,903	901
Total (loss) / income		<u>(17,768)</u>	<u>29,532</u>
Management fees	11	(3,241)	(877)
Value added tax expense		(487)	(132)
Custody fees		(38)	(18)
Professional fees		(21)	(21)
Shariah audit fees		(15)	(15)
Administrative expenses		(14)	(9)
Fund Board remuneration		(12)	(12)
Capital Market Authority fees		(4)	(4)
Total operating expenses		<u>(3,832)</u>	<u>(1,088)</u>
(Loss) / profit for the period		<u>(21,600)</u>	<u>28,444</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive (loss) / income for the period		<u>(21,600)</u>	<u>28,444</u>

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

SNB CAPITAL FREESTYLE SAUDI EQUITY FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '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)	184,749	100,473
Total comprehensive (loss) / income for the period	(21,600)	28,444
Decrease in equity from unit transactions during the period		
Proceeds from units issued	407,101	10,604
Value of units redeemed	(79,772)	(21,058)
	327,329	(10,454)
Equity attributable to the Unitholders at the end of the period (Unaudited)	490,478	118,463

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

SNB CAPITAL FREESTYLE SAUDI EQUITY FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the six-month period ended 30 June 2022

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

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2022</u> (Unaudited)	<u>2021</u> (Audited)
Cash flows from operating activities			
(Loss) / profit for the period		(21,600)	28,444
<u>Adjustments for:</u>			
Realized gain on FVTPL investments – net		(19,752)	(17,953)
Unrealized loss / (gain) on FVTPL investments – net		40,423	(10,678)
		(929)	(187)
<u>Changes in operating assets and liabilities:</u>			
Investments		(288,196)	(3,370)
Other payables		4,434	22
Net cash used in operating activities		(284,691)	(3,535)
Cash flows from financing activities			
Proceeds from units issued		407,101	10,604
Value of units redeemed		(79,772)	(21,058)
Net cash generated from / (used in) financing activities		327,329	(10,454)
Net increase / (decrease) in cash and cash equivalents		42,638	(13,989)
Cash and cash equivalents at the beginning of the period	8	6,649	21,034
Cash and cash equivalents at the end of the period	8	49,287	7,045

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

SNB CAPITAL FREESTYLE SAUDI EQUITY FUND
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

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

1. THE FUND AND ITS ACTIVITIES

SNB Capital Freestyle Saudi Equity 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 Funds Regulations (the Regulations) issued by the Capital Market Authority (CMA), for the benefit of the Fund's Unitholders.

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

The terms and conditions of the Fund were approved by CMA on 29 December 2014 (corresponding to 7 Rabi-ul-AlAwwal 1436 H). The Fund commenced its activities on 12 January 2015 corresponding to 21 Rabi ul Awal, 1436h.

The Fund is governed by the Investment Funds Regulations (the “Regulations”) published by the 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). These 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 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 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.

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 Riyals (“SAR”) which is the Fund’s functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

SNB CAPITAL FREESTYLE SAUDI EQUITY FUND

(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

Expressed in Saudi Arabian Riyals '000 (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 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 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 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

<u>Standards, interpretations and amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
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.

SNB CAPITAL FREESTYLE SAUDI EQUITY FUND
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

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

8. CASH AND CASH EQUIVALENTS

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

9. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

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

<i>30 June 2022 (Unaudited)</i>			
<i>Industry Sector</i>	<i>% of total investments (fair value)</i>	<i>Cost</i>	<i>Fair value</i>
Banks and Financial Services	36.42	165,607	162,440
Materials	26.78	118,880	119,499
Consumer Staples	12.53	60,331	55,885
Industrials	9.09	44,220	40,535
Health Care	8.29	32,169	36,987
Consumer Discretionary	3.45	20,184	15,368
Energy	3.44	15,146	15,334
	100	456,537	446,048

<i>31 December 2021 (Audited)</i>			
<i>Industry Sector</i>	<i>% of total investments (fair value)</i>	<i>Cost</i>	<i>Fair value</i>
Banks and Financial Services	35.23	47,166	62,928
Building Construction	12.09	21,210	21,577
Transport	11.85	20,721	21,154
Energy Utilities	10.35	15,162	18,473
Industrial Investment	9.43	15,826	16,830
Petrochemical Industries	9.40	10,775	16,786
Retail	5.38	6,303	9,596
Insurance	4.24	8,206	7,562
Telecommunication and Information Technology	2.03	3,220	3,617
	100	148,589	178,523

10. UNITS TRANSACTIONS

Transactions in units during the period are summarized as follows:

	For the six-month period ended 30 June	
	2022	2021
	-----Units' in 000-----	
Units at the beginning of the period (Audited)	78,745	63,872
Units issued	140,260	5,622
Units redeemed	(28,873)	(12,543)
Net increase / (decrease) in units during the period	111,387	(6,921)
Units at the end of the period (Unaudited)	190,132	56,951

11. RELATED PARTY TRANSACTIONS AND BALANCES

SNB CAPITAL FREESTYLE SAUDI EQUITY FUND

(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

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

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 1.75% (2021:1.75%) 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 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% (2021:1%) 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. 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	
		<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Unaudited)</u>	<u>30 June 2022</u> <u>(Unaudited)</u>	31 December <u>2021</u> <u>(Audited)</u>
SNB Capital Company	Management fees	3,241	877	31	141
	Expense paid on behalf of the Fund	591	211		

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.

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.

SNB CAPITAL FREESTYLE SAUDI EQUITY FUND
(Managed by SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2022

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

12. FAIR VALUE MEASUREMENT (CONTINUED)

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: 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.