

SNB CAPITAL GCC TRADING 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 GCC Trading Equity Fund

Introduction

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



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، رأس مالها (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

SNB CAPITAL GCC TRADING 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>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	8	37,095	14,959
Investments	9	325,494	337,561
Other receivables		1,608	--
Total assets		<u>364,197</u>	<u>352,520</u>
LIABILITIES			
Other payables		22,208	2,149
Equity attributable to the Unitholders		<u>341,989</u>	<u>350,371</u>
Units in issue in thousands (number)	10	<u>214,474</u>	<u>240,184</u>
Equity per unit (SAR)		<u>1.5946</u>	<u>1.4588</u>

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

SNB CAPITAL GCC TRADING EQUITY FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF PROFIT OR LOSS AND 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>	<u>2021</u>
Dividend income		4,982	4,261
Realised gain on FVTPL investments – net		44,736	40,298
Unrealised (loss) / gain on FVTPL investments - net		(10,621)	14,782
Foreign exchange translation losses		(10)	(12)
Total income		<u>39,087</u>	<u>59,329</u>
Management fees	11	(3,412)	(2,667)
Value added tax expense		(512)	(400)
Custody fees		(83)	(14)
Administrative expenses		(51)	(25)
Professional fees		(21)	(21)
Shariah audit fees		(15)	(15)
Fund Board remuneration		(12)	(12)
Capital Market Authority fees		(4)	(4)
Total operating expenses		<u>(4,110)</u>	<u>(3,158)</u>
Profit for the period		<u>34,977</u>	<u>56,171</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u>34,977</u>	<u>56,171</u>

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

SNB CAPITAL GCC TRADING EQUITY FUND
(Managed by SNB Capital Company)
CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO
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)	350,371	268,451
Total comprehensive income for the period	34,977	56,171
Decrease in equity from unit transactions during the period		
Proceeds from units issued	71,684	45,166
Value of units redeemed	(115,043)	(52,534)
	(43,359)	(7,368)
Equity attributable to the Unitholders at the end of the period (Unaudited)	341,989	317,254

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

SNB CAPITAL GCC TRADING 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)

	Note	For the six-month period ended 30 June	
		<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Profit for the period		34,977	56,171
<i>Adjustments for:</i>			
Realised gain FVTPL investments - net		(44,736)	(40,298)
Unrealized loss / (gain) FVTPL investments - net		10,621	(14,782)
		<u>862</u>	<u>1,091</u>
<i>Changes in operating assets and liabilities:</i>			
Investments measured at fair value through profit or loss		46,182	(19,552)
Other receivables		(1,608)	--
Other payables		20,059	103
Net cash generated from / (used in) operating activities		<u>65,495</u>	<u>(18,358)</u>
Cash flows from financing activities			
Proceeds from units issued		71,684	45,166
Value of units redeemed		(115,043)	(52,534)
Net cash used in financing activities		<u>(43,359)</u>	<u>(7,368)</u>
Increase / (decrease) in cash and cash equivalents		22,136	(25,726)
Cash and cash equivalents at the beginning of the period	8	<u>14,959</u>	<u>38,697</u>
Cash and cash equivalents at the end of the period	8	<u>37,095</u>	<u>12,971</u>

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

**SNB CAPITAL GCC TRADING 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 GCC Trading Equity Fund (“the Fund”) is a Shariah compliant, open-end 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 GCC equity market. Surplus cash may be invested in Shariah compliant Murabaha funds. The Fund does not make any distributions to Unitholders. Instead, capital gains and dividends will be reinvested.

The terms and conditions of the Fund were approved by the Capital Markets Authority (“CMA”) on 29 December 2014 (corresponding to 7 Rabi-ul-Awwal 1436 H). The Fund commenced its activities on 6 October 2005 corresponding to 3 Ramadan, 1426h.

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 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 IAS 34 “Interim Financial Reporting” that 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 the information and disclosures required for a complete set of the annual financial statements and should be read in conjunction with annual financial statements of the Fund as at and for the year ended 31 December 2021.

3. BASIS OF MEASUREMENT

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.

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 Riyal (“SAR”) 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.

SNB CAPITAL GCC TRADING 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)

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

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing 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

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.

<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	Classification of liabilities as current or non-current	1 January 2023
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 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 local bank having sound credit rating.

SNB CAPITAL GCC TRADING 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)

9. INVESTMENTS MEASURED AT FAIR VALUE THOROUGH PROFIT OR LOSS

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

<i>Industry Sector</i>	30 June 2022 (Unaudited)		
	<i>% of total</i>		
	<i>investments</i>	<i>Cost</i>	<i>Fair value</i>
	<i>(fair value)</i>		
Banking & Financial Services	27.59	64,218	89,806
Petrochemical Industries	27.25	74,023	88,694
Building Construction	13.80	39,925	44,907
Retail	13.55	44,921	44,092
Telecommunication and Information Technology	6.41	23,146	20,867
Transportation	3.40	9,598	11,056
Cement	3.27	10,661	10,638
Energy	2.79	7,802	9,093
Insurance	1.94	7,841	6,341
Total	100	282,135	325,494

<i>Industry Sector</i>	31 December 2021		
	<i>% of total</i>		
	<i>investments</i>	<i>Cost</i>	<i>Fair value</i>
	<i>(fair value)</i>		
Banking & Financial Services Sector	34.51	84,284	116,498
Industrial Investment	17.64	60,122	59,540
Petrochemical Industries	11.39	28,167	38,441
Retail	7.65	25,711	25,829
Energy Utilities	6.35	16,807	21,452
Transportation	5.43	15,967	18,331
Telecommunication and Information Technology	5.30	16,477	17,880
Building Construction	5.21	17,811	17,574
Real Estate Development	4.00	10,394	13,501
Insurance	2.52	7,841	8,515
Total	100	283,581	337,561

SNB CAPITAL GCC TRADING 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)

10. UNITS TRANSACTIONS

Transactions in units during the period are summarized as follows:

	For the six-month period ended 30 June	
	<u>2022</u>	<u>2021</u>
	-----Units' in 000-----	
Units at the beginning of the period (Audited)	240,184	247,577
Units issued	42,299	38,444
Units redeemed	(68,009)	(44,419)
Net decrease in units during the period	(25,710)	(5,975)
Units at the end of the period (Unaudited)	214,474	241,602

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 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% (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 ended 30 June		Balance as at	
		<u>2022</u> (Unaudited)	<u>2021</u> (Unaudited)	30 June 2022 (Unaudited)	31 December 2021 (audited)
SNB Capital Company	Management fees	3,412	2,667	(1,067)	182
	Expenses paid on behalf of the fund	698	491		

SNB CAPITAL GCC TRADING 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

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 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 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 preparation of these condensed interim financial statements was 30 June 2022 (2021: 30 December 2021).

14. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

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