

SNB CAPITAL MULTI-ASSET CONSERVATIVE 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

SNB CAPITAL MULTI-ASSET CONSERVATIVE FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Notes</i>	<u>30 June</u> <u>2022</u> <i>(Unaudited)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
ASSETS			
Cash and cash equivalents	8	11,384	7,833
Investments	9	159,070	172,326
Other receivables		464	1,903
Total assets		<u>170,918</u>	<u>182,062</u>
LIABILITIES			
Other payables		<u>415</u>	<u>2,586</u>
Equity attributable to the Unitholders		<u>170,503</u>	<u>179,476</u>
Units in issue in thousands (number)	10	<u>101,650</u>	<u>105,150</u>
Equity per unit (USD)		<u>1.6774</u>	<u>1.7069</u>

The accompanying notes 1 to 15 form integral part of these condensed interim financial statements

SNB CAPITAL MULTI-ASSET CONSERVATIVE 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)

	<i>Note</i>	For the six-month period ended 30 June	
		<u>2022</u> <i>(Unaudited)</i>	<u>2021</u> <i>(Unaudited)</i>
Special commission income on Sukuk		581	1,186
Special commission income on Murabaha contracts		93	91
Realised gain on FVTPL investments – net		9,688	5,924
Unrealised loss FVTPL investments – net		(13,489)	(990)
Other income		1,336	1,228
Total income		<u>(1,791)</u>	<u>7,439</u>
Management fees	12	(878)	(881)
Administrative expenses		(182)	(65)
Value added tax expense		(132)	(132)
Custody fees		(39)	(16)
Professional fees		(7)	(7)
Shariah audit fees		(3)	(2)
Capital Market Authority fees		(1)	(1)
Fund Board remuneration		--	(2)
Reversal / (charge) for allowance for expected credit losses		18	(323)
Total operating expenses		<u>(1,224)</u>	<u>(1,429)</u>
(Loss) / profit for the period		<u>(3,015)</u>	<u>6,010</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive (loss) / income for the period		<u>(3,015)</u>	<u>6,010</u>

The accompanying notes 1 to 15 form integral part of these condensed interim financial statements

SNB CAPITAL MULTI-ASSET CONSERVATIVE FUND
(Managed by SNB Capital Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

For the six-month period ended 30 June 2021

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)	179,476	174,719
Total comprehensive (loss) / income for the period	(3,015)	6,010
Decrease in equity from unit transactions during the period		
Proceeds from units issued	4,841	9,905
Value of units redeemed	(10,799)	(16,452)
	(5,958)	(6,547)
Equity attributable to the Unitholders at the end of the period (Unaudited)	<u>170,503</u>	<u>174,182</u>

The accompanying notes 1 to 15 form integral part of these condensed interim financial statements

SNB CAPITAL MULTI-ASSET CONSERVATIVE FUND
(Managed by SNB Capital Company)

CONDENSED INTERIM 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>Notes</i>	<u>2022</u>	<u>2021</u>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from operating activities			
(Loss) / profit for the period		(3,015)	6,010
<u>Adjustments for:</u>			
Realised gain on FVTPL investments – net		(9,688)	(5,924)
Unrealised loss on FVTPL investments – net		13,489	990
(Reversal) / charge for allowance for expected credit losses		(18)	323
		768	1,399
<u>Changes in operating assets and liabilities:</u>			
Investments measured at amortized cost		(4,105)	(2,346)
Investments measured at fair value through profit or loss		13,578	1,207
Other receivables		1,439	(303)
Other payables		(2,171)	16
Net cash generated from / (used in) operating activities		9,509	(27)
Cash flows from financing activities			
Proceeds from units issued		4,841	9,905
Value of units redeemed		(10,799)	(16,452)
Net cash used in financing activities		(5,958)	(6,547)
Net increase / (decrease) in cash and cash equivalents		3,551	(6,574)
Cash and cash equivalents at the beginning of the period	8	7,833	13,090
Cash and cash equivalents at the end of the period	8	11,384	6,516

The accompanying notes 1 to 15 form integral part of these condensed interim financial statements

SNB CAPITAL MULTI-ASSET CONSERVATIVE 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)

1. THE FUND AND ITS ACTIVITIES

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

The Fund’s objective is to achieve capital growth over the medium to long term to protect the capital by investing in a diversified portfolio of asset classes.

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”) 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 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 US Dollars (“US\$”) 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.

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For the six-month period ended 30 June 2022

Expressed in US Dollars '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 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 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

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><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 financial statements.

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For the six-month period ended 30 June 2022

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8. CASH AND CASH EQUIVALENTS

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

9. INVESTMENTS

Investments comprises of the following:

	<i>Ref</i>	<i>30 June 2022</i>	<i>31 December 2021</i>
Investments measured at fair value through profit or loss	i)	100,302	117,681
Investments measured at amortised cost	ii)	58,768	54,645
		<u>159,070</u>	<u>172,326</u>

(i) Investments measured at fair value through profit or loss

Investments measured at fair value through profit or loss comprises of the following:

		<i>30 June 2022 (Unaudited)</i>	
	<i>% of total investments (fair value)</i>	<i>Cost</i>	<i>Fair value</i>
<i>Other funds managed by the Fund Manager (related parties)</i>			
SNB Capital Multi Asset Income Plus Fund	9.41	15,257	14,967
SNB Capital Diversified Saudi Riyal Fund	9.03	14,112	14,373
SNB Capital North America Index Fund	7.36	9,339	11,713
SNB Capital Emerging Markets Index Fund	2.42	4,073	3,852
SNB Capital Europe Index Fund	2.40	3,699	3,815
SNB Capital International Trade Fund	1.71	2,700	2,719
SNB Capital Diversified US Dollar Fund	0.47	734	742
SNB Capital Global Real Estate Fund	0.45	726	724
SNB Capital Asia Pacific Index Fund	0.24	427	377
<i>Investments in Exchange Traded Funds and REITs</i>			
iShares MSCI USA Islamic	6.22	11,274	9,892
Invesco Physical Gold ETC Fund	2.26	3,143	3,603
iShares MSCI World Islamic	2.00	3,737	3,180
Jadwa REIT Saudi Fund	1.87	2,590	2,969
iShares MSCI EM Islamic	0.99	1,889	1,573
SNB Capital REIT Fund 1 – a related party	0.57	897	902

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For the six-month period ended 30 June 2022

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9. INVESTMENTS (CONTINUED)

(i) Investments measured at fair value through profit or loss (continued)

	<i>30 June 2022 (Unaudited)</i>		
	<i>% of total investments (fair value)</i>	<i>Cost</i>	<i>Fair value</i>
<i>Other investments in equity</i>			
Nahdi Medical Company	3.09	3,977	4,910
Channel Trade Finance	2.66	5,598	4,225
Guidance ATEL GCC Leasing (OEIC) Limited	2.26	4,007	3,597
ITE Rail Leasing SP	1.57	2,503	2,503
Retail Urban Development Company	1.38	2,144	2,198
AlAhli Tosfi III	1.17	1,866	1,866
AlAhli Tosfi II	1.01	1,600	1,599
Saudi Arabian Mining Company	0.56	707	893
Al Rajhi Bank	0.55	1,133	879
Microsoft Corporation	0.38	629	601
Tesla Inc.	0.32	643	512
Nvidia Corporation	0.20	366	311
Meta Platforms Inc-Class A	0.18	332	279
Cisco Systems Inc.	0.09	165	141
Adobe Inc.	0.09	147	139
Salesforce Inc.	0.08	128	127
Intel Corporation	0.08	144	121
	63.07	100,686	100,302

	<i>31 December 2021 (Audited)</i>		
	<i>% of total investments (fair value)</i>	<i>Cost</i>	<i>Fair Value</i>
<i>Other funds managed by the Fund Manager (related parties)</i>			
SNB Capital Diversified Saudi Riyal Fund	10.6	18,038	18,272
SNB Capital US Trade Equity Fund	9.42	9,781	16,229
SNB Capital Multi-Asset Income Plus Fund	8.84	15,257	15,232
SNB Capital Europe Trading Equity Fund	4.46	5,501	7,690
SNB Capital Emerging Markets Index Fund	2.85	4,073	4,910
SNB Capital Asia Pacific Index Fund	1.64	2,335	2,825
SNB Capital International Trade Fund	1.57	2,700	2,709
SNB Capital Tier One Sukuk Fund III	1.08	1,866	1,864
SNB Capital Tier One Sukuk Fund II	0.93	1,600	1,598
SNB Capital Saudi Riyal Trade Fund	0.60	1,031	1,033
SNB Capital Global Real Estate Fund	0.54	726	938
SNB Capital Diversified US Dollar Trade Fund	0.43	734	738

<i>Investments in Exchange Traded Funds and REITs</i>			
iShares MSCI USA Islamic	6.02	9,741	10,375
Jadwa REIT Saudi Fund	2.20	2,590	3,799
Invesco Physical Gold ETC Fund	2.10	3,143	3,622
iShares MSCI EM Islamic	1.17	2,062	2,022
SNB Capital REIT Fund 1 – a related party	0.58	897	1,001

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Expressed in US Dollars '000 (unless otherwise stated)

9. INVESTMENTS (CONTINUED)

(i) Investments measured at fair value through profit or loss (continued)

	<i>31 December 2021 (Audited)</i>		
	<i>% of total</i>		
	<i>investments</i>		
<i>Other investments in equity</i>	<i>(fair value)</i>	<i>Cost</i>	<i>Fair Value</i>
ACWA Power Company	4.31	4,959	7,429
Channel Trade Finance	4.06	8,900	7,002
Guidance ATEL GCC Leasing (OEIC) Limited	2.19	4,007	3,780
ITE Rail Leasing SP	1.45	2,503	2,503
Bank AlBilad	0.56	955	957
Saudi Arabian Mining Company	0.41	707	704
Saudi Arabian Oil Company	0.26	470	449
	<u>68.28</u>	<u>104,576</u>	<u>117,681</u>

(ii) Investments measured at amortised cost

Investments measured at amortised cost include the following:

	<i>Ref</i>	<i>30 June</i> <i>2022</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2021</i> <i>(Audited)</i>
Investments in Sukuk	a)	39,837	54,680
Investments in Murabaha	b)	18,948	--
Less: allowance for expected credit losses		<u>(17)</u>	<u>(35)</u>
Net investments measured at amortised cost		<u>58,768</u>	<u>54,645</u>

- a) Investments in Sukuk carry profit rate ranging from 3.97% to 9.75% (2021: 1.8% to 6.1%) with maturity up to 8 April 2043.
- b) Murabaha placements are held local banks and carry profit rate ranging from 2.15% to 2.2% with maturity up to 14 July 2022.

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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)

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>
	<i>Units in '000</i>	<i>Units in '000</i>
Units at the beginning of the period (Audited)	105,150	110,721
Units issued	2,826	6,060
Units redeemed	(6,326)	(10,058)
Net decrease in units during the period	(3,500)	(3,998)
Units at the end of the period (Unaudited)	<u>101,650</u>	<u>106,723</u>

11. RECONCILIATION OF CHANGE IN EQUITY

As per the requirements of CMA circular dated 31 December 2017, the Fund calculates provision for impairment in respect of debt investments measured at amortised cost using the incurred loss model, whereas IFRS 9 requires provisions to be measured using the Expected Credit Loss (ECL) method. This has resulted in a difference between equity calculated as per the CMA circular ("trading equity") and as per requirements of IFRS 9 ("reported equity"). The Fund's units in issue are classified as equity in accordance with IAS 32, and therefore equate to the residual value of the Fund. The following table shows the reconciliation between the Fund's reported equity and trading equity:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Reported equity of the Fund	170,503	179,476
Add: Allowance for expected credit losses	17	35
	170,520	179,511
Less: Provision for incurred credit losses	--	--
Traded equity of the Fund	<u>170,520</u>	<u>179,511</u>
Number of units in issue	<u>101,650</u>	<u>105,150</u>
Traded equity per unit of the Fund	<u>1.6775</u>	<u>1.7072</u>

SNB CAPITAL MULTI-ASSET CONSERVATIVE 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)

12. 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% (2021: 1%) per annum of the Fund's daily net assets (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: 0.5%) 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 with the Fund manager related to management fees and other expenses:

Related party	Nature of transactions	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	878	881	135	191
	Expenses paid on behalf of the Fund	364	225		

13. 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 transfer between levels of fair value at the end of the reporting year during which the change has occurred.

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13. 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 the investment measured at FVTPL per the fair value hierarchy as level 1 except for investments in unlisted open ended investment funds which are measured using unadjusted net asset value and are classified as level 2 as per fair value hierarchy. During the period, there has been no transfer in fair value hierarchy. For other assets and liabilities such as cash and cash equivalents, investments measured at amortised cost, other receivable and other payables, the carrying values reasonably approximate the fair value. The Fund has classified cash and cash equivalents as level 1 while remaining financial assets and liabilities are classified as level 3 as per the fair value hierarchy.

14. 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).

15. APPROVAL OF THE CONSENSSED INTERIM FINANCIAL STATEMENTS

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