

SNB CAPITAL AL-FAREED SAUDI EQUITY FUND
(formerly known as Al Fareed 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



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 Al-Fareed Saudi Equity Fund (formerly known as Al Fareed Saudi Equity Fund)

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **SNB Capital Al-Fareed Saudi Equity** (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 Al-Fareed Saudi Equity** 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, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (25,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (25,000,000) ريال سعودي مدفوع بالكامل، الصمعة سابقاً "شركة كي بي إم جي للفران وشركاه" مسجلين ومراجعون قفونين". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة تجاريزة محدودة بضمناً. جميع الحقوق محفوظة.



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

To the Unitholders of SNB Capital Al-Fareed Saudi Equity Fund (Formerly known as Al Fareed Saudi Equity Fund) (continued)

Other matter

The condensed interim financial statements of **SNB Capital Al-Fareed Saudi Equity** ("the Fund") for the six-month period ended 30 June 2021 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 16 August 2021 and the financial statements of the Fund for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2022.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

Date: 20 Muharram 1444H
Corresponding to: 18 August 2022



SNB CAPITAL AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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>Note</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	8	6,446	2,155
Investments	9	63,339	61,730
Other receivables		191	-
Total assets		<u>69,976</u>	<u>63,885</u>
LIABILITIES			
Other payables	11	<u>1,215</u>	<u>565</u>
Equity attributable to the Unitholders		<u>68,761</u>	<u>63,320</u>
Units in issue in thousand (number)	10	<u>1,613</u>	<u>1,615</u>
Equity per unit (SAR)		<u>42.6202</u>	<u>39.2188</u>

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

SNB CAPITAL AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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)

		For the six-month period ended 30 June	
	<i>Note</i>	2022 (Unaudited)	2021 (Unaudited)
Realised gain on FVTPL investments – net		8,138	2,909
Unrealised (loss) / gain on FVTPL investments – net		(2,574)	10,884
Dividend Income		534	756
Total income		6,098	14,549
Management fees	11	(643)	(454)
Value added tax expense		(97)	(68)
Administrative expenses		(29)	(34)
Total operating expenses		(769)	(556)
Profit for the period		5,329	13,993
Other comprehensive income for the period		-	-
Total comprehensive income for the period		5,329	13,993

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

SNB CAPITAL AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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> (Unaudited)	<u>2021</u> (Unaudited)
Equity attributable to the Unitholders at the beginning of the period (Audited)	63,320	44,990
Total comprehensive income for the period	5,329	13,993
Increase / (decrease) in equity from unit transactions during the period		
Proceeds from units issued	2,067	1,739
Value of units redeemed	(1,955)	(2,579)
	112	(840)
Equity attributable to the Unitholders at the end of the period (Unaudited)	68,761	58,143

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

SNB CAPITAL AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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)

	<i>Notes</i>	For the six-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit for the period		5,329	13,993
<u>Adjustments for:</u>			
Realised gain on FVTPL investments – net		(8,138)	(2,909)
Unrealised (loss) / gain on FVTPL investments – net		2,574	(10,884)
		(235)	200
Changes in operating assets and liabilities:			
Investments		3,955	(140)
Other receivables		(191)	-
Other payables		650	822
Net cash generated from operating activities		4,179	882
Cash flows from financing activities			
Proceeds from units issued		2,067	1,739
Value of units redeemed		(1,955)	(2,579)
Net cash generated from / (used in) financing activities		112	(840)
Net increase in cash and cash equivalents		4,291	42
Cash and cash equivalents at the beginning of the period	8	2,155	1,476
Cash and cash equivalents at the end of the period	8	6,446	1,518

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

SNB CAPITAL AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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 Al-Fareed Saudi Equity Fund (the "Fund") (formerly known as Al Fareed Saudi Equity Fund) is a public open-ended investment fund designed for investors seeking long term capital growth, established under article 31 of the Investment Fund 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 objective of the Fund is to invest in the shares of companies listed in the Saudi stock markets. The fund may invest in real estate investment traded funds up to 10% of the fund's net asset value. The investment in the above securities includes IPOs and secondary offerings as well as tradable rights issuances and other public issuances.

The terms and conditions of the Fund were issued on 12 Saffar 1439H (corresponding to 15 December 2003). The Fund commenced its activities on 21 Shawwal 1424H (corresponding to 15 December 2003).

The Fund is governed by the Investment Funds Regulations (the "Regulations") published by the Capital Market Authority 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 were 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

These condensed interim financial statements have been prepared on going concern concept and historical cost convention using accrual basis of accounting 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 interim 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 THE FUND'S TERMS AND CONDITIONS

There has been no revision in the terms and conditions of the Fund during the period other than change of name of the Fund.

**SNB CAPITAL AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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)

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 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	January 1, 2023
Amendments to IAS 8	Definition of accounting estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 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 AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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 local bank having sound credit rating.

9. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

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

Industry Sector	% of total investment (fair value)	30 June 2022 (Unaudited)	
		Cost	Fair value
Financial services	53.77	23,028	34,055
Materials	21.05	11,864	13,332
Energy	8.34	5,590	5,281
Consumer staples	5.45	2,981	3,451
Telecommunication services	3.81	2,639	2,415
Healthcare	2.57	1,641	1,631
Consumer discretionary	3.31	1,139	2,098
Industrial	1.59	916	1,004
Real estate	0.11	70	72
	100	49,868	63,339

Industry Sector	% of total investment (fair value)	31 December 2021 (Audited)	
		Cost	Fair value
Financial	53.87	22,240	33,254
Materials	26.23	13,673	16,193
Telecommunication services	6.18	3,586	3,818
Utilities	4.73	1,948	2,922
Consumer discretionary	4.06	1,139	2,509
Energy	2.81	1,875	1,737
Industrial	1.62	916	1,001
Consumer staples	0.50	308	296
	100	45,685	61,730

**SNB CAPITAL AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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. UNITS TRANSACTIONS

Transactions in units during the period are summarized as follows:

	For the six-month ended 30 June	
	<u>2022</u>	<u>2021</u>
	-----Units' in 000-----	
Units at the beginning of the period (Audited)	1,615	1,691
Units issued	44	54
Units redeemed	(46)	(81)
Net decrease in units during the period	(2)	(27)
Units at the end of the period (Unaudited)	1,613	1,664

9. 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 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 0.75% (2021: 0.75%) p.a. 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 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.

	Nature of transaction	Amounts of transactions during the period ended		Amount Payable as at	
		30 June 2022 (Unaudited)	30 June <u>2021</u> (Unaudited)	30 June 2022 (Unaudited)	31 December <u>2021</u> (Audited)
SNB Capital Company	Management fees	643	454	540	278
	Expenses paid on behalf of the Fund	126	102		

**SNB CAPITAL AL-FAREED SAUDI EQUITY FUND (Formerly known as Al Fareed 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

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.

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 Fair Value Through Profit or Loss (FVTPL) per the fair value hierarchy as Level 1. During the period, there has been no transfer in fair value hierarchy for FVTPL investments. For other 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 short-term nature. 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.

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 20 Muharram 1444 H corresponding to 18 August 2022.