

SNB CAPITAL GCC GROWTH AND INCOME FUND
(Managed by the SNB Capital Company)
CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023
together with the
Independent Auditor's Review Report to the Unitholders



KPMG Professional Services

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

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

To the Unitholders of the SNB Capital GCC Growth and Income Fund

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of the **SNB Capital GCC Growth and Income Fund** (the "Fund"), managed by the SNB Capital Company (the "Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2023;
- the condensed statement of changes in net assets attributable to the Unitholders for the six-month period ended 30 June 2023;
- the condensed statement of cash flows for the six-month period ended 30 June 2023; 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 IAS 34, 'Interim Financial Reporting' 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 condensed interim financial statements 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 the International Standards on Auditing 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 2023 condensed interim financial statements of the **SNB Capital GCC Growth and Income 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: 9 Muharram 1445 H
Corresponding to: 27 July 2023



SNB CAPITAL GCC GROWTH AND INCOME FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

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

	<i>Notes</i>	<i>30 June 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
ASSETS			
Cash and cash equivalents	9	6,872	7,552
FVTPL investments	10	147,919	126,387
Other receivables		203	--
Total assets		<u>154,994</u>	<u>133,939</u>
LIABILITIES			
Other payables		<u>610</u>	<u>310</u>
Net assets attributable to the Unitholders		<u>154,384</u>	<u>133,629</u>
Units in issue in thousands (number)		<u>65,965</u>	<u>68,437</u>
Net assets value unit (SAR)		<u>2.3404</u>	<u>1.9526</u>

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

SNB CAPITAL GCC GROWTH AND INCOME FUND
(Managed by the SNB Capital Company)

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

For the six-month period ended 30 June 2023

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

	<i>Note</i>	For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>
Unrealised gain / (loss) on FVTPL investments – net		30,170	(10,051)
Realised (loss) / gain on FVTPL investments – net		(3,138)	17,206
Dividend income		3,174	2,201
Total income		30,206	9,356
Management fees	11	(1,264)	(1,360)
Value added tax expense		(190)	(204)
Administrative expenses		(74)	(23)
Custody fees		(40)	(30)
Professional fees		(25)	(21)
Fund Board remuneration		(12)	(12)
Shariah audit fees		(10)	(15)
Capital Market Authority fees		(4)	(4)
Total operating expenses		(1,619)	(1,669)
Profit for the period		28,587	7,687
Other comprehensive income for the period		--	--
Total comprehensive income for the period		28,587	7,687

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

SNB CAPITAL GCC GROWTH AND INCOME FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the six-month period ended 30 June 2023

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

	For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>
Net assets attributable to the Unitholders at the beginning of the period (Audited)	133,629	122,712
Total comprehensive income for the period	28,587	7,687
(Decrease) / increase in net assets from unit transactions during the period		
Proceeds from units issued	535	37,376
Value of units redeemed	(5,767)	(12,369)
	(5,232)	25,007
Distribution to the Unitholders	(2,600)	(1,100)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	154,384	154,306

UNITS TRANSACTIONS

Transactions in units during the period are summarized as follows:

	For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>
	-----Units in '000s-----	
Units at the beginning of the period (Audited)	68,437	65,048
Units issued	248	16,322
Units redeemed	(2,720)	(5,640)
Net (decrease) / increase in units during the period	(2,472)	10,682
Units at the end of the period (Unaudited)	65,965	75,730

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

SNB CAPITAL GCC GROWTH AND INCOME FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the six-month period ended 30 June 2023

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

	Notes	For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Profit for the period		28,587	7,687
<i>Adjustments for:</i>			
Unrealised (gain) / loss on FVTPL investments – net		(30,170)	10,051
Realised loss / (gain) on FVTPL investments – net		3,138	(17,206)
		<u>1,555</u>	<u>532</u>
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		5,500	(19,664)
Other receivables		(203)	(634)
Other payables		300	10,743
		<u>7,152</u>	<u>(9,023)</u>
Net cash generated from / (used in) operating activities			
Cash flows from financing activities			
Proceeds from units issued		535	37,376
Value of units redeemed		(5,767)	(12,369)
Distribution to the Unitholders		(2,600)	(1,100)
		<u>(7,832)</u>	<u>23,907</u>
Net cash (used in) / generated from financing activities			
Net (decrease) / increase in cash and cash equivalents			
		<u>(680)</u>	<u>14,884</u>
Cash and cash equivalents at the beginning of the period	9	<u>7,552</u>	<u>8,249</u>
Cash and cash equivalents at the end of the period	9	<u><u>6,872</u></u>	<u><u>23,133</u></u>

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

SNB CAPITAL GCC GROWTH AND INCOME FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2023

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

1. THE FUND AND ITS ACTIVITIES

SNB Capital GCC Growth and Income Fund (the “Fund”) is an open-ended investment fund, established under article 31 of the Investment Funds Regulations (the “Regulations”) issued by the Capital Market Authority (“CMA”), managed by the 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 provide investors with long-term capital growth through investments in GCC equity markets companies in accordance with the Shariah guidelines.

The terms and conditions of the Fund were originally approved by the Saudi Central Bank (“SAMA”) and subsequently endorsed by the CMA through their letter dated 18 Dhul Hijja 1429 H (corresponding to 16 December 2008). The Fund commenced its activities on 4 Dhul Hijjah 1432 H (corresponding to 31 October 2011).

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulation”) published by the CMA’s Board Resolution no. (1-219-2006) dated 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended pursuant to the CMA’s Board Resolution no. (2-22-2021) dated 12 Rajab 1442 H (corresponding to 24 February 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia

3. 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 information and disclosures required for a complete set financial statements and should be read in conjunction with the annual audited financial statements of the Fund as at and for the year ended 31 December 2022.

4. BASIS OF MEASUREMENT AND PRESENTATION

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 statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

5. 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.

6. CHANGES IN THE FUND’S TERMS AND CONDITIONS

During the period, there have been no significant changes in the terms and conditions of the Fund.

SNB CAPITAL GCC GROWTH AND INCOME FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2023

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

7. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial statements requires the Fund Manager 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 2022.

8. 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 2022.

a. Standards, interpretations and amendments thereof, effective during the period

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2023. The Fund Manager has assessed that the amendments have no significant impact on the Fund's condensed interim financial statements.

Amendments to IAS 1 and IFRS practice statement 2 - *Disclosure of accounting policies*

Amendments to IAS 8 - *Definition of accounting estimates*

Amendments to IAS 12 - *Deferred tax related to assets and liabilities arising from a single transaction*

Amendments to IFRS 17 - *Insurance contracts*

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	Classification of liabilities as current or non-current and non current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associates 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.

9. CASH AND CASH EQUIVALENTS

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

SNB CAPITAL GCC GROWTH AND INCOME FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2023

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

10. FVTPL INVESTMENTS

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

<u>Currency</u>	<u>Country</u>	<u>30 June 2023</u>		<u>31 December 2022</u>	
		<u>% of total investments (fair value)</u>	<u>Fair value</u>	<u>% of total investments (fair value)</u>	<u>Fair value</u>
Saudi Arabian Riyal	Kingdom of Saudi Arabia	87.78	129,840	66.04	83,468
UAE Dirham	UAE	6.57	9,728	22.14	27,986
Kuwaiti Dinar	Kuwait	3.76	5,556	6.22	7,861
Qatari Riyal	Qatar	1.89	2,795	5.60	7,072
Total		100	147,919	100	126,387

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

<u>Industry Sector</u>	<u>30 June 2023 (Unaudited)</u>		
	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Bank	23.69	31,326	35,043
Energy	11.93	16,590	17,653
Capital Goods	10.95	10,759	16,203
Materials	7.82	11,329	11,564
Healthcare Equipment & Services	6.74	4,011	9,963
Food and Staples Retailing	6.47	7,866	9,568
Industrials	5.65	9,257	8,351
Retailing	5.56	6,015	8,226
Utilities	5.37	5,311	7,941
Insurance	5.12	3,767	7,573
Transportation	4.49	4,289	6,644
Consumer Services	3.74	3,463	5,543
Real Estate Development	2.47	3,729	3,647
	100	117,712	147,919
<u>Industry Sector</u>	<u>31 December 2022 (Audited)</u>		
	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Bank	25.63	27,544	32,390
Materials	11.29	17,953	14,264
Consumer Services	9.77	12,603	12,346
Telecommunication	7.10	12,604	8,977
Energy	6.42	8,699	8,116
Real Estate Development	6.39	7,265	8,075
Consumer Staples	6.26	7,377	7,909
Capital Goods	5.96	8,334	7,533
Healthcare Equipment & Services	5.19	4,011	6,560
Transportation	5.29	6,946	6,691
Chemical Manufacturing	4.52	5,865	5,723
Insurance	3.45	3,767	4,355
Utilities	2.73	3,382	3,448
	100	126,350	126,387

SNB CAPITAL GCC GROWTH AND INCOME FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2023

Expressed in Saudi Arabian Riyals '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, management fee up to 1.85% (2022: 1.85%) per annum of the Fund's daily net assets value 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 1.5% (2022: 1.5%) per annum of the Fund's net assets value at the respective valuation days. These expenses are recovered by the Fund Manager on an actual basis.

During the period, the Fund entered into the following transactions, other than those disclosed elsewhere in these condensed interim financial statements, with related parties in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund.

Related party	Nature of transactions	Amounts of transactions for the six-month period ended		Net payable balance as at	
		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
SNB Capital Company	Management fees	1,264	1,360		
	Expenses paid on behalf of the Fund	355	309	319	205

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 financial instruments 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 period during which the change has occurred.

SNB CAPITAL GCC GROWTH AND INCOME FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2023

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

12. FAIR VALUE MEASUREMENT (CONTINUED)

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

Carrying amounts and fair value

The following table shows the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 30 June 2023 (Unaudited)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
FVTPL investments	147,919	147,919	--	--	147,919

	As at 31 December 2022 (Audited)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
FVTPL investments	126,387	126,387	--	--	126,387

The Fund has classified investments measured at FVTPL as level 1 as per the fair value hierarchy. During the period, there has been no transfer in fair value hierarchy for FVTPL investments. 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.

13. LAST VALUATION DAY

The last valuation date for the purpose of preparation of condensed interim financial statements was 22 June 2022 (2022: 29 December 2022)

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

There was no event subsequent to the statement of financial position date which required adjustment of or disclosure in the condensed interim financial statements or notes thereto.

15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 9 Muharram 1445 H corresponding to 27 July 2023.