

SNB CAPITAL GCC TRADING EQUITY FUND
(Managed by the SNB Capital Company)
CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2024
together with the
Independent Auditor's Review Report to the Unitholders



KPMG Professional Services

Roshn 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 روشن، 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 Trading Equity Fund

Introduction

We have reviewed the accompanying 30 June 2024 condensed interim financial statements of the **SNB Capital GCC Trading Equity Fund** (the "Fund"), managed by the SNB Capital Company (the "Fund Manager"), which comprises:

- the condensed statement of financial position as at 30 June 2024;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2024;
- the condensed statement of changes in net assets attributable to the Unitholders for the six-month period ended 30 June 2024;
- the condensed statement of cash flows for the six-month period ended 30 June 2024; 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 2024 condensed interim financial statements of the **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: 26 Muharram 1446 H
Corresponding to 1 August 2024

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (40,000,000). 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 مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه 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 GCC TRADING EQUITY FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

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

	<i>Notes</i>	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents	9	24,572	19,399
Investments measured at fair value through profit or loss (FVTPL investments)	10	398,845	388,484
Other receivables		819	114
Total assets		424,236	407,997
LIABILITIES			
Other payables		4,773	4,322
Net assets attributable to the Unitholders		419,463	403,675
Units in issue in thousands (number)		206,353	190,993
Net assets value per unit (SAR)		2.0327	2.1136

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

SNB CAPITAL GCC TRADING EQUITY 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 2024

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

	<i>Note</i>	For the six-month period ended 30 June	
		<u>2024</u>	<u>2023</u>
Unrealised (loss) / gain on FVTPL investments – net		(40,355)	58,735
Realised gain on FVTPL investments – net		22,250	14,067
Dividend income		6,553	7,359
Total (loss) / income		<u>(11,552)</u>	<u>80,161</u>
Management fees	<i>11</i>	(3,858)	(3,144)
Value added tax expense		(578)	(472)
Administrative expenses		(202)	(171)
Custody fees		(86)	(85)
Auditors' remuneration		(36)	(25)
Shariah audit fees		(14)	(10)
Fund Board remuneration		(7)	(12)
Capital Market Authority fees		(4)	(4)
Tadawul fees		(3)	(3)
Other Expenses		(1)	--
Total operating expenses		<u>(4,789)</u>	<u>(3,926)</u>
(Loss) / profit for the period		<u>(16,341)</u>	<u>76,235</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive (loss) / income for the period		<u>(16,341)</u>	<u>76,235</u>

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

SNB CAPITAL GCC TRADING EQUITY 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 2024

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

	For the six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>
Net assets attributable to the Unitholders at the beginning of the period (Audited)	403,675	329,075
Total comprehensive (loss) / income for the period	(16,341)	76,235
Net increase / (decrease) in net assets from unit transactions during the period		
Proceeds from units issued	101,993	41,460
Value of units redeemed	(69,864)	(94,116)
	32,129	(52,656)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	419,463	352,654

UNITS TRANSACTIONS

Transactions in units during the period are summarised as follows:

	For the six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>
	-----Units in '000s-----	
Units at the beginning of the period (Audited)	190,993	211,707
Units issued	48,087	24,522
Units redeemed	(32,727)	(53,058)
Net increase / (decrease) in units during the period	15,360	(28,536)
Units at the end of the period (Unaudited)	206,353	183,171

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

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

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2024

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

	Note	For the six-month period ended 30 June	
		<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
(Loss) / profit for the period		(16,341)	76,235
<i>Adjustments for:</i>			
Unrealised loss / (gain) on FVTPL investments – net		40,355	(58,735)
Realised gain on FVTPL investments – net		(22,250)	(14,067)
		<u>1,764</u>	<u>3,433</u>
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		(28,466)	50,206
Other receivables		(705)	(463)
Other payables		451	2,486
		<u>(26,956)</u>	<u>55,662</u>
Cash flows from financing activities			
Proceeds from units issued		101,993	41,460
Value of units redeemed		(69,864)	(94,116)
		<u>32,129</u>	<u>(52,656)</u>
Net cash generated from / (used in) financing activities			
		<u>5,173</u>	<u>3,006</u>
Cash and cash equivalents at the beginning of the period	9	<u>19,399</u>	<u>21,950</u>
Cash and cash equivalents at the end of the period	9	<u><u>24,572</u></u>	<u><u>24,956</u></u>

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

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

NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

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 open-end Shariah Compliant investment fund, established under article 31 of the Investment Fund Regulations (the “Regulations”) issued by the Capital Market Authority (“CMA”) and 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 Fund's objective is to achieve long-term capital growth by actively managing a concentrated portfolio of Shariah complaint companies in the Gulf Cooperation Council (“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 are reinvested.

The terms and conditions of the Fund were issued on 7 Rabi-ul-Awwal 1436 H (corresponding to 29 December 2014). The Fund commenced its activities on 3 Ramadan, 1426 H (corresponding to 6 October 2005).

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 International Accounting Standard (“IAS 34”) ‘Interim Financial Reporting’ that is endorsed in the Kingdom of Saudi Arabia and to 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 2023.

4. BASIS OF MEASUREMENT AND PRESENTATION

These 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 interim 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”). If indicators of the primary economic environment are mixed, then the Fund Manager uses judgement to determine the functional currency that most faithfully effects the economic effect of the underlying transactions, events, and conditions. The Fund’s investments transactions are denominated in Saudi Arabian Riyal (“SAR”), Emirati Dirham, Kuwaiti Dinar and Qatari Riyal. Investor subscriptions and redemptions are determined based on the net assets value and received and paid in SAR and expenses of the Fund are also paid in SAR. Accordingly, the Fund Manager has determined that the functional currency of the Fund is Saudi Arabian Riyal.

These condensed interim financial statements are presented in SAR which is the Fund’s functional and presentation currency and have been rounded off to the nearest thousands unless otherwise stated.

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

NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

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

6. CHANGES IN THE FUND'S TERMS AND CONDITIONS

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

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 2023.

8. MATERIAL 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 2023.

a. Standards, interpretations and amendments thereof, adopted by the Fund

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2024. The Fund Manager has assessed that the amendments have no significant impact on the Fund's condensed interim financial statements.

Amendments to IAS 1 - Classification of liabilities as current or non-current and non-current liabilities with covenants

Amendments to IAS 7 and IFRS 7 - Supplier finance agreements

Amendments to IFRS 16 - Lease liability in a sale and leaseback

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><i>Standards, interpretations and amendments</i></u>	<u><i>Description</i></u>	<u><i>Effective from periods beginning on or after the following date</i></u>
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 19	Reducing disclosures for subsidiaries	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate 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 GCC TRADING EQUITY FUND
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NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

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

9. CASH AND CASH EQUIVALENTS

This comprises of balances held with a local bank having Moody's credit rating of A3 which is in line with globally understood definition of investment grade.

10. FVTPL INVESTMENTS

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

		<u>30 June 2024 (Unaudited)</u>		
<u>Currency</u>	<u>Country</u>	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Saudi Arabian Riyal	Kingdom of Saudi Arabia	81.28	289,977	324,192
UAE Dirham	United Arab Emirates	12.66	45,062	50,479
Qatari Riyal	Qatar	6.06	25,000	24,174
		<u>100</u>	<u>360,039</u>	<u>398,845</u>

		<u>31 December 2023 (Audited)</u>		
<u>Currency</u>	<u>Country</u>	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Saudi Arabian Riyal	Kingdom of Saudi Arabia	83.44	247,684	324,124
UAE Dirham	United Arab Emirates	12.43	46,427	48,307
Qatari Riyal	Qatar	4.13	15,212	16,053
		<u>100</u>	<u>309,323</u>	<u>388,484</u>

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

		<u>30 June 2024 (Unaudited)</u>		
<u>Industry Sector</u>		<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Banks		24.15	83,254	96,334
Real Estate		15.79	54,073	62,987
Materials		13.43	58,995	53,551
Energy		10.35	26,357	41,287
Healthcare Equipment and Service		9.45	34,759	37,679
Insurance		6.43	19,178	25,649
Food and Beverages		5.28	22,495	21,074
Transportation		5.13	20,720	20,467
Retailing		3.86	17,737	15,404
Telecommunication Services		3.19	11,513	12,738
Consumer Services		2.94	10,958	11,675
		<u>100</u>	<u>360,039</u>	<u>398,845</u>

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

NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

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

10. FVTPL INVESTMENTS (CONTINUED)

<i>Industry Sector</i>	<i>31 December 2023 (Audited)</i>		
	<i>% of Total Investment (Fair Value)</i>	<i>Cost</i>	<i>Fair Value</i>
Energy	23.64	63,212	91,834
Banks	23.16	72,645	89,969
Healthcare Equipment and Services	14.07	41,799	54,671
Real Estate	7.89	28,079	30,661
Capital Goods	5.68	11,415	22,072
Telecommunication Services	5.21	19,129	20,244
Materials	5.15	23,101	20,001
Transportation	4.84	18,442	18,815
Industrials	4.13	15,212	16,053
Insurance	3.16	5,726	12,252
Consumer Services	3.07	10,563	11,912
	100	309,323	388,484

11. RELATED PARTY TRANSACTIONS AND BALANCES

The related party of the Fund includes Fund Manager, Fund Board, other funds managed by the Fund Manager, and the Saudi National Bank, being parent of the Fund Manager.

Following are the details of transactions and balances with related parties not disclosed elsewhere in these financial statements as at and for the six-month period ended 30 June 2024.

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% (2023:1.85%) 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 1.00% (2023:1.00%) per annum of the Fund's net assets value at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis.

SNB CAPITAL GCC TRADING EQUITY FUND
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NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

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

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Following are the details of transactions and balances with fund manager related to management fees and other expenses:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions during the period ended</i>		<i>Net balance payable as at</i>	
		<i>30 June 2024 (Unaudited)</i>	<i>30 June 2023 (Unaudited)</i>	<i>30 June 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
SNB Capital Company	Management fees (including value added tax)	4,436	3,616		
	Expenses paid on behalf of the Fund	353	310	1,273	1,414

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 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: 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 where the carrying amount is assessed to be a reasonable approximation of fair value. All fair value measurements below are recurring.

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

NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

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

12. FAIR VALUE MEASUREMENT (CONTINUED)

Carrying amounts and fair value (continued)

	<i>As at 30 June 2024 (Unaudited)</i>				
	<i>Carrying amount</i>	<i>Fair value</i>			<i>Total</i>
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<u>Financial assets measured at fair value</u>					
FVTPL investments	398,845	398,845	--	--	398,845

	<i>As at 31 December 2023 (Audited)</i>				
	<i>Carrying amount</i>	<i>Fair Value</i>			<i>Total</i>
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<u>Financial assets measured at fair value</u>					
FVTPL investments	388,484	388,484	--	--	388,484

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 30 June 2024 (2023: 31 December 2023)

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 26 Muharram 1446 H corresponding to 1 August 2024.