

SNB CAPITAL SAUDI SMALL AND MID-CAP 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

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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 Saudi Small and Mid-Cap Equity Fund

Introduction

We have reviewed the accompanying 30 June 2024 condensed interim financial statements of the **SNB Capital Saudi Small and Mid-Cap 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 Saudi Small and Mid-Cap 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: 02 Safar 1446H

Corresponding to: 06 August 2024

SNB CAPITAL SAUDI SMALL AND MID-CAP 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	36,268	72,066
Investments measured at fair value through profit or loss (FVTPL investments)	10	1,466,530	446,402
Other receivables		2,692	514
Total assets		<u>1,505,490</u>	<u>518,982</u>
LIABILITIES			
Other payables		<u>8,262</u>	<u>2,663</u>
Net assets attributable to the Unitholders		<u>1,497,228</u>	<u>516,319</u>
Units in issue in thousands (number)		<u>221,154</u>	<u>82,810</u>
Net assets value per unit (SAR)		<u><u>6.7701</u></u>	<u><u>6.2350</u></u>

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

SNB CAPITAL SAUDI SMALL AND MID-CAP 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)

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2024</u>	<u>2023</u>
Unrealised (loss) / gain on FVTPL investments – net		(36,654)	57,411
Realised gain on FVTPL investments – net		73,053	12,215
Dividend income		<u>9,223</u>	<u>1,956</u>
Total income		<u>45,622</u>	<u>71,582</u>
Management fees	<i>11</i>	(10,918)	(1,494)
Value added tax expense		(1,638)	(224)
Administrative expenses		(427)	(45)
Custody fees		(66)	(54)
Auditor's remuneration		(38)	(38)
Shariah audit fees		(14)	(10)
Fund Board remuneration		(7)	(12)
Capital Market Authority fees		(4)	(4)
Tadawul fees		<u>(3)</u>	<u>(3)</u>
Total operating expenses		<u>(13,115)</u>	<u>(1,884)</u>
Profit for the period		<u>32,507</u>	<u>69,698</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u>32,507</u>	<u>69,698</u>

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

SNB CAPITAL SAUDI SMALL AND MID-CAP 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)	516,319	129,901
Total comprehensive income for the period	32,507	69,698
Net increase in net assets from unit transactions during the period		
Proceeds from units issued	1,100,450	56,618
Value of units redeemed	(152,048)	(9,472)
	948,402	47,146
Net assets attributable to the Unitholders at the end of the period (Unaudited)	<u>1,497,228</u>	<u>246,745</u>

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)	82,810	35,961
Units issued	160,466	12,085
Units redeemed	(22,122)	(2,117)
Net increase in units during the period	138,344	9,968
Units at the end of the period (Unaudited)	<u>221,154</u>	<u>45,929</u>

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

SNB CAPITAL SAUDI SMALL AND MID-CAP 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)

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Profit for the period		32,507	69,698
<i>Adjustments for:</i>			
Unrealised loss / (gain) on FVTPL investments – net		36,654	(57,411)
Realised gain on FVTPL investments – net		(73,053)	(12,215)
		(3,892)	72
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		(983,729)	(28,865)
Other receivables		(2,178)	(5,914)
Other payables		5,599	397
Net cash used in operating activities		(984,200)	(34,310)
Cash flows from financing activities			
Proceeds from units issued		1,100,450	56,618
Value of units redeemed		(152,048)	(9,472)
Net cash generated from financing activities		948,402	47,146
Net (decrease) / increase in cash and cash equivalents		(35,798)	12,836
Cash and cash equivalents at the beginning of the period	9	72,066	6,461
Cash and cash equivalents at the end of the period	9	36,268	19,297

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

SNB CAPITAL SAUDI SMALL AND MID-CAP EQUITY FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM 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 Saudi Small and Mid-Cap Equity Fund (the "Fund") is a public open-ended 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 generate long-term capital growth through investing in small and mid-cap companies in the Saudi equity market in accordance with the Shariah guidelines issued by the Fund Shariah Board. 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 issued on 26 Jumada Al-Akhirah 1429 H (corresponding to 30 June 2008). The Fund commenced its activities on 02 Rajab 1429 H (corresponding to 05 July 2008).

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 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"). 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.

SNB CAPITAL SAUDI SMALL AND MID-CAP EQUITY FUND
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NOTES TO THE CONDENSED INTERIM 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 has been no significant changes in 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 transaction*

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 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 SAUDI SMALL AND MID-CAP EQUITY FUND
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NOTES TO THE CONDENSED INTERIM 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 equity investments measured at FVTPL by industry sector is summarized below:

<i>30 June 2024 (Unaudited)</i>			
<i><u>Industry Sector</u></i>	<i><u>% of total investments (fair value)</u></i>	<i><u>Cost</u></i>	<i><u>Fair value</u></i>
Capital Goods	16.19	176,401	237,459
Insurance	15.72	208,552	230,585
Consumer Services	11.41	184,728	167,345
Transportation	8.11	119,457	118,984
Consumer Discretionary Distribution and Retail	7.33	127,035	107,467
Health Care Equipment and Services	6.65	71,569	97,587
Energy	5.44	78,615	79,731
Materials	4.94	83,508	72,438
Banks	4.83	71,877	70,846
Real Estate Management and Development	4.70	70,585	68,925
Food and Beverages	4.06	62,112	59,533
Telecommunication Services	3.99	53,474	58,508
Utilities	3.58	46,975	52,518
Financial Services	3.05	45,469	44,604
	100	1,400,357	1,466,530
<i>31 December 2023 (Audited)</i>			
<i><u>Industry Sector</u></i>	<i><u>% of Total investments (fair value)</u></i>	<i><u>Cost</u></i>	<i><u>Fair value</u></i>
Capital Goods	24.52	72,292	109,459
Energy	17.21	55,009	76,834
Healthcare Equipment and Services	13.04	42,892	58,210
Consumer Services	12.84	52,196	57,313
Transportation	11.02	44,567	49,187
Materials	10.62	39,378	47,394
Telecommunication Services	6.68	26,085	29,818
Insurance	4.07	11,156	18,187
	100	343,575	446,402

SNB CAPITAL SAUDI SMALL AND MID-CAP EQUITY FUND
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NOTES TO THE CONDENSED INTERIM 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

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 0.5% (2023:0.5%) 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.

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 for the six-month 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)	12,556	1,718	2,364	578
	Expenses paid on behalf of the Fund	559	166	843	483

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.

SNB CAPITAL SAUDI SMALL AND MID-CAP EQUITY FUND
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NOTES TO THE CONDENSED INTERIM 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)

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 if the carrying amount is a reasonable approximation of fair value. All fair value measurements below are recurring.

As at 30 June 2024 (Unaudited)					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
FVTPL investments	1,466,530	1,466,530	--	--	1,466,530

		As at 31 December 2023 (Audited)			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value</u>					
FVTPL investments	446,402	446,402	--	--	446,402

The Fund has classified the investments measured at FVTPL as per the fair value hierarchy as level 1. During the period, there has been no transfer in fair value hierarchy. For other financial assets and liabilities not measured at fair value 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.

SNB CAPITAL SAUDI SMALL AND MID-CAP EQUITY FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

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

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 01 August 2024.