

**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
Managed By Kamco Investment Company Saudi  
**Condensed Interim Financial Statements (Unaudited)**  
**For the six-month period ended 30 June 2021**  
together with the  
**Independent Auditor's Review Report to the Unitholders**

**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
Managed By Kamco Investment Company Saudi  
**CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)**  
**For the six-month period ended 30 June 2021**

<b><u>Content</u></b>	<b><u>Page</u></b>
Independent auditor's review report	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of cash flows	4
Condensed interim statement of changes in net assets (equity) attributable to the unitholders	5 - 6
Notes to the condensed interim financial statements	7 – 15

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سجل تجاري رقم 1010425494

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

## To the Unitholders of Kamco Saudi Equity Fund

### Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **KAMCO Saudi Equity Fund** (the "Fund"), managed by Kamco Investment Company Saudi (the "Fund Manager") which comprises:

- the condensed interim statement of financial position as at 30 June 2021;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2021;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2021;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2021; 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 Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. 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 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 2021 condensed interim financial statements of Kamco Saudi 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**

  
**Nasser Ahmed Al Shutairy**  
License No: 454



Riyadh, 15 August 2021  
Corresponding to 7 Muharram 1443H

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (15,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المنتقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
Managed By Kamco Investment Company Saudi  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**As at 30 June 2021**  
*(Saudi Arabian Riyals)*

		<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
	<i>Notes</i>		
<b><u>ASSETS</u></b>			
Cash and cash equivalents	9	<b>145,932,167</b>	132,907,345
Investments at fair value through profit or loss	8	<b>678,130,500</b>	549,793,200
Receivable from broker	10	<b>8,009,474</b>	--
<b>TOTAL ASSETS</b>		<b>832,072,141</b>	682,700,545
<b><u>LIABILITIES</u></b>			
Management fee payable	11	<b>600,695</b>	512,547
Accrued expenses and other current liabilities		<b>212,246</b>	228,672
<b>Total Liabilities</b>		<b>812,941</b>	741,219
<b>Net Assets (Equity) Attributable to the Unitholders (Note 1):</b>			
- Class A		<b>20,597,808</b>	16,972,116
- Class B		<b>810,661,392</b>	664,987,210
<b>Units in issue (numbers) (Note 1):</b>			
- Class A		<b>55,839</b>	55,839
- Class B		<b>2,163,890</b>	2,163,890
<b>Net assets (equity) value per unit (Note 1):</b>			
- Class A		<b>368.8785</b>	303.9482
- Class B		<b>374.6315</b>	307.3110

The accompanying notes 1 to 17 form an integral part of these condensed interim financial statements.

**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
Managed By Kamco Investment Company Saudi  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

		<b>For the six-month period ended 30 June</b>	
	<i>Notes</i>	<b><u>2021</u></b>	<b><u>2020</u></b>
<b><u>INCOME</u></b>			
Net gain / (loss) from investments	8.1	<b>143,559,241</b>	(49,914,895)
Dividend income		<b>10,829,621</b>	8,687,390
Other income		<b>11,103</b>	--
<b>Total income / (loss)</b>		<b><u>154,399,965</u></b>	<b><u>(41,227,505)</u></b>
<b><u>EXPENSES</u></b>			
Management fee	11	<b>2,887,333</b>	2,339,601
Transaction cost		<b>743,906</b>	543,298
Other expenses	12	<b>1,468,852</b>	871,067
<b>Total expenses</b>		<b><u>5,100,091</u></b>	<b><u>3,753,966</u></b>
<b>Net income / (loss) for the period</b>		<b><u>149,299,874</u></b>	<b><u>(44,981,471)</u></b>
<b>Other comprehensive income for the period</b>		--	--
<b>Total comprehensive income / (loss) for the period</b>		<b><u><u>149,299,874</u></u></b>	<b><u><u>(44,981,471)</u></u></b>

The accompanying notes 1 to 17 form an integral part of these condensed interim financial statements.

**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
Managed By Kamco Investment Company Saudi  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

	<b>For the six-month period ended 30 June</b>	
	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>OPERATING ACTIVITIES</b>		
Net income / (loss) for the period	<b>149,299,874</b>	(44,981,471)
<i>Adjustment to reconcile net income / (loss) for the period to net cash generated from operating activities:</i>		
Net (gain) / loss from investments	<u><b>(143,559,241)</b></u>	<u>49,914,895</u>
	<b>5,740,633</b>	<b>4,933,424</b>
<i>Changes in operating assets and liabilities:</i>		
Purchase of investments at fair value through profit or loss	<b>(417,644,670)</b>	(332,847,797)
Proceeds from sale of investments at fair value through profit or loss	<b>432,866,611</b>	326,485,080
Receivable from broker	<b>(8,009,474)</b>	26,810,736
Payable to broker	--	(19,698,391)
Dividend receivable	--	(435,000)
Management fee payable	<b>88,148</b>	(2,002,576)
Accrued expenses and other liabilities	<u><b>(16,426)</b></u>	<u>(93,306)</u>
<b>Net cash generated from operating activities</b>	<u><b>13,024,822</b></u>	<u><b>3,152,170</b></u>
<b>Cashflow from investing activities</b>	--	--
<b>Cashflow from financing activities</b>	--	--
<b>Net increase in cash and cash equivalents</b>	<b>13,024,822</b>	3,152,170
Cash and cash equivalents at beginning of the period	<u><b>132,907,345</b></u>	<u>110,858,618</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>145,932,167</b></u>	<u><b>114,010,788</b></u>

The accompanying notes 1 to 17 form an integral part of these condensed interim financial statements.

**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
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**CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**  
**ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

	<b>For the six-month period ended 30 June</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Net assets (equity) attributable to the Unitholders at the beginning of the period</b>	<b>681,959,326</b>	625,683,686
<b>Total comprehensive income / (loss) for the period</b>	<b>149,299,874</b>	(44,981,471)
<b>Changes from unit transactions during the period ended 30 June 2021(Note 1):</b>		
Value of units issued	--	--
<b>Changes from unit transactions from 1 January 2020 to 8 January 2020:</b>		
Value of units issued	--	--
<b>Changes from unit transactions from 9 January 2020 to 30 June 2020:</b>		
Value of units issued:		
- Class A	--	--
- Class B	--	--
<b>Net assets (equity) attributable to the Unitholders at the end of the period</b>	<b><u>831,259,200</u></b>	<b><u>580,702,215</u></b>

The accompanying notes 1 to 17 form an integral part of these condensed interim financial statements.

**KAMCO SAUDI EQUITY FUND**  
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**CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**  
**ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**Units transactions (*numbers*):**

Transactions in units for the six-month period ended 30 June are summarised as follows:

<b>30 June 2021</b>	<b><u>Units</u></b>
<b>Units at the beginning of the period – Class A</b>	<b>55,839</b>
Units issued and net change from unit transactions	--
<b>Units at 30 June 2021 – Class A</b>	<b><u>55,839</u></b>
<b>Units at the beginning of the period – Class B</b>	<b>2,163,890</b>
Units issued and net change from unit transactions	--
<b>Units at 30 June 2021 – Class B</b>	<b><u>2,163,890</u></b>
<b>30 June 2020</b>	
Units at the beginning of the period	<u>2,226,531</u>
Units issued and net change from unit transactions from 1 January 2020 to 8 January 2020.	<u>--</u>
Units at 8 January 2020	<u>2,226,531</u>
Units converted at 9 January 2020 - Class A (Note 1)	<u>62,641</u>
Units issued and net change from unit transactions from 9 January 2020 to 30 June 2020 – Class A	<u>--</u>
Units at 30 June 2020 - Class A	<u>62,641</u>
Units converted at 9 January 2020 - Class B (Note 1)	<u>2,163,890</u>
Units issued and net change from unit transactions from 9 January 2020 to 30 June 2020 – Class B	<u>-</u>
Units at 30 June 2020 - Class B	<u>2,163,890</u>

The accompanying notes 1 to 17 form an integral part of these condensed interim financial statements.



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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**1. REPORTING ENTITY**

Kamco Saudi Equity Fund (the “Fund”) is an open-ended Saudi Riyal denominated investment fund created by agreement between Kamco Investment Company Saudi (the “Fund Manager”) and investors (the “Unitholders”) in the Fund. The objective of the Fund is long-term capital growth through investment in equities traded on the Saudi stock market.

The Fund was established on 21 Dhul Qadah 1429H (corresponding to 19 November 2008) per approval from the Capital Market Authority (“CMA”) and commenced its operations on 28 January 2009. As approved by CMA, in response to letter No. T.N.264 dated 29 December 2019, the existing units in the Fund were converted to two different classes i.e. “Unit Class A” and “Unit Class B” as explained below. The said conversion was effective from 9 January 2020:

- Units of investors with total market value above SAR 17,170,503 million (as of the effective date) were converted to Class A at net asset value per unit of SAR 274.1097.
- Units of investors with total market value above SAR 593,143,140 million (as of the effective date) were converted to Class B at net asset value per unit of SAR 274.1097.

The Fund appointed HSBC Securities Limited to act as its custodian, administrator and registrar. During 2010, the Fund transferred the responsibility of registrar and administration to the Fund Manager. HSBC Securities Limited continues to act as custodian of the Fund. The related fees are paid by the Fund.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate condensed interim financial statements for the Fund.

**2. REGULATORY AUTHORITY**

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and amended by the Capital Market Authority on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations came into effect from 19 Ramadan 1442 H (corresponding to 1 May 2021).

**3. SUBSCRIPTION / REDEMPTION OF UNITS**

The Fund is open for subscriptions / redemptions with a cutoff time of 12:00 pm on Sunday and Tuesday (each a “Dealing day”). The net assets attributable to the Unitholders of the Fund’s portfolio is published on Monday and Wednesday. The net assets attributable to the Unitholders of the Fund for the purpose of subscription / redemption of units is determined by dividing the net asset attributable to the Unitholders of the Fund (fair value of the Fund’s assets minus the Fund’s liabilities) by the total number of the Fund’s units outstanding on the relevant dealing day.

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**4. BASIS OF ACCOUNTING**

**a) *Statement of compliance***

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and in compliance with the applicable provisions of the Investment Funds Regulation issued by Capital Market Authority, the Fund’s Terms and Conditions and the Information Memorandum.

**b) *Basis of measurement***

These condensed interim financial statements have been prepared on a historical cost convention, except for measurement of investments at fair value through profit or loss (“FVTPL”) at fair value, using the accrual basis of accounting and the going concern concept. The interim results may not be indicative of the Fund’s annual results of operations.

**5. FUNCTIONAL AND PRESENTATION CURRENCY**

These condensed interim financial statements have been presented in SAR, which is the functional currency of the Fund.

**6. USE OF ESTIMATES AND JUDGMENTS**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The significant assumptions made by the Fund Manager in applying the Fund’s accounting policies and the key sources of estimation uncertainty are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020.

**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 financial statements for the year ended 31 December 2020.

**a) *New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Fund***

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB), have been effective from 1 January 2021 and accordingly adopted by the Fund, as applicable:

<b><u>Standard / Amendments</u></b>	<b><u>Description</u></b>
Amendment to IFRS 16	COVID-19 Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 7	Interest Rate Benchmark Reform

The adoption of the amended standards and interpretations applicable to the Fund did not have any significant impact on these condensed interim financial statements.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*b) Standards issued but not yet effective*

Standards 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>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IA 37	Onerous contracts: Cost of fulfilling a contract	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvement to IFRS Standards	1 January 2022
Amendments to IAS 16	Property, plant and equipment: Proceeds before intended use	1 January 2022
Amendments to IFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 8	Definition of accounting estimate	1 January 2023
Amendments to IAS 1 and IFRS Practice statement 2	Disclosure of accounting policies	1 January 2023

**8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
Investments at fair value through profit or loss	<b>678,130,500</b>	549,793,200

**8.1** Below are the details of net gain / (loss) from investments for the six-month period ended 30 June:

	<u>2021</u>	<u>2020</u>
Realized gain / (loss) on investments at fair value through profit or loss	<b>50,979,225</b>	(26,481,696)
Unrealized gain / (loss) on investments at fair value through profit or loss	<b>92,580,016</b>	(23,433,199)
	<b><u>143,559,241</u></b>	<u>(49,914,895)</u>

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**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**

**8.2** Investments at fair value through profit or loss are investments in equity securities that are held-for-trading and listed on Saudi Stock Exchange ("Tadawul"). Following is the sectoral exposures as at reporting date:

<u>30 June 2021:</u>	<u>% of Fair value</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealised gain / (loss)</u>
<u>Sectors</u>				
Banks and Financial sector	34.12%	231,352,000	188,321,656	43,030,344
Petrochemical industries	12.28%	83,252,000	70,065,551	13,186,449
Energy and utilities	15.40%	104,433,000	100,921,621	3,511,379
Retail	11.48%	77,863,500	72,501,095	5,362,405
Telecommunication and information technology	7.76%	52,640,000	45,200,000	7,440,000
Real estate development	7.36%	49,936,000	44,190,462	5,745,538
Health care equipment and services	5.05%	34,238,000	26,347,034	7,890,966
Industrial investment	6.55%	44,416,000	38,003,065	6,412,935
<b>Total</b>	<b>100%</b>	<b>678,130,500</b>	<b>585,550,484</b>	<b>92,580,016</b>

<u>31 December 2020:</u>	<u>% of Fair value</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealised gain / (loss)</u>
<u>Sectors</u>				
Banks and financial services	38.06	209,237,700	197,903,453	11,334,247
Energy and utilities	16.83	92,540,000	88,089,269	4,450,731
Petrochemical industries	11.49	63,173,500	51,482,032	11,691,468
Retail	13.48	74,131,000		
			67,577,856	6,553,144
Telecommunication and information technology	7.90	43,460,000	39,801,767	3,658,233
Real estate development	5.15	28,326,000	29,159,250	(833,250)
Health care equipment and services	5.02	27,600,000	19,961,018	7,638,982
Industrial investment	2.06	11,325,000	7,908,514	3,416,486
<b>Total</b>	<b>100%</b>	<b>549,793,200</b>	<b>501,883,159</b>	<b>47,910,041</b>

**9. CASH AND CASH EQUIVALENTS**

	<u>Notes</u>	<b>30 June 2021</b> <b>(Unaudited)</b>	31 December 2020 <b>(Audited)</b>
Cash in trading account	9.1	<b>145,932,167</b>	132,907,345

**9.1** This balance is maintained with the custodian and is used to conduct investment transactions. Cash is held in a client account with a local bank having an investment grade credit rating.

**10. RECEIVABLE FROM BROKER**

This represents receivables from broker for sale trades that were executed immediately before the end of the period.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**11. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Fund include the Fund Manager, Parent of the Fund Manager and the Fund Board. In the ordinary course of its activities, the Fund transacts with the Fund Manager (refer note 1).

Management fee

Until 8 January 2020, the Fund used to pay management fees to the Fund Manager calculated at an annual rate of 1.75% of the net assets (equity) value accrued on a daily basis.

From 9 January 2020, after the conversion of units to Class A and Class B (Note 1), the Fund pays management fees to the Fund Manager calculated at an annual rate of 1.75% of the net assets (equity) value for Class A and 0.75% of the net assets (equity) value for Class B. The said fee is accrued on a daily basis.

Administration fee

The Fund also pays an administration fee to the Fund Manager calculated at an annual rate of 0.13% of the net assets (equity) value accrued on a daily basis.

In addition to the transactions disclosed elsewhere in the financial statements, transactions with related parties for the periods ended 30 June are as follows:

<u>Related party</u>	<u>Nature of transactions</u>	<u>2021</u>	<u>2020</u>
The Fund Manager	Management fees excluding VAT	<u>2,887,333</u>	<u>2,339,601</u>
	Administration fees excluding VAT	<u>484,443</u>	<u>368,755</u>
The Fund Board	Meetings fees	<u>9,918</u>	<u>9,945</u>

Outstanding balances with related parties are as at reporting date are as follows:

<u>Related party</u>	<u>Nature of transactions</u>	<u>30 June 2021</u> <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
The Fund Manager	Management fees payable	<u>600,695</u>	<u>512,547</u>
	Administration fees payable	<u>100,793</u>	<u>85,936</u>
The Fund Board	Meetings fees payable	<u>9,918</u>	<u>10,000</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**11. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

The Unitholders' account as at reporting date included the following:

	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
<b><u>Units held by:</u></b>		
The Fund Manager		
- Class A	<b>45,908</b>	45,908
- Class B	<b>--</b>	<b>--</b>
Parent of the Fund Manager – KAMCO Investment Kuwait*		
- Class A	<b>5,077</b>	5,077
- Class B	<b>2,163,890</b>	2,163,890
The Fund Board member		
- Class A	<b>4,854</b>	4,854
- Class B	<b>--</b>	<b>--</b>

\* These investments have been made by the Parent of the Fund Manager on behalf of their clients.

**12. OTHER EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30 June 2021</b>	30 June 2020
Administration fee (note 11)	<b>484,443</b>	368,755
Custody fee (note 12.1)	<b>361,685</b>	297,162
Others (note 12.2)	<b>622,723</b>	205,150
	<b>1,468,851</b>	871,067

**12.1** The Fund pays a custody fee to the custodian calculated at an annual rate on the portfolio value of the Fund, accrued on a daily basis, payable on a monthly basis, and is subject to the respective monthly minimum fee. During the period, the annual rate was revised from 0.13% to 0.08%.

**12.2** This includes VAT on fees and expenses amounting to SAR 566,441 (2020: SAR 152,237).

**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.

**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
Managed By Kamco Investment Company Saudi  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**13. FAIR VALUE MEASUREMENT (CONTINUED)**

When available, the Fund measures the fair value of an instrument using the quoted prices 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 as per the official closing price in the related stock exchange where the instrument is traded.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize 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 the fair value hierarchy as at the end of the reporting period during which the change has occurred.

***Valuation models***

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and where the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund values equity securities that are traded on an approved stock exchange at their last reported prices. To the extent that equity securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy, hence the Fund's assets recorded at fair value have been categorized based on fair value hierarchy Level 1. Listed equity securities are valued using quoted prices in an active market for an identical instrument (Level 1 measurement).

**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**13. FAIR VALUE MEASUREMENT (CONTINUED)**

***Carrying amounts and fair value***

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. 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 approximate of fair value:

		<b>30 June 2021</b>			
		<b>(Unaudited)</b>			
		<b>-----Fair value-----</b>			
<b><u>Financial assets at fair value</u></b>	<b><u>Carrying Value</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Investments at fair value through profit or loss	<b><u>678,130,500</u></b>	<b><u>678,130,500</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>678,130,500</u></b>
		<b>31 December 2020</b>			
		<b>(Audited)</b>			
		<b>-----Fair value-----</b>			
<b><u>Financial assets at fair value</u></b>	<b><u>Carrying Value</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Investments at fair value through profit or loss	<b><u>549,793,200</u></b>	<b><u>549,793,200</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>549,793,200</u></b>

There has been no inter-level transfers during the period.

**14. IMPACT OF COVID-19 OUTBREAK**

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region, including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular implemented closure of borders, released social distancing guidelines and enforced country-wide lockdowns and curfews for specified time periods.

These events have significantly impacted the financial markets and created volatility in the net asset value of investment funds and may continue to impact the Fund’s earnings and cash flows. The Fund Manager continues to evaluate the current situation through reviewing its investment strategy and other risk management practices, in order to manage the impact, the COVID-19 outbreak has on Fund’s operations and financial performance.

**15. LAST VALUATION DAY**

The Fund’s units are valued on Sunday and Tuesday and the unit price is announced on the following business day. The last valuation day for the purpose of preparation of these financial statements was 30 June 2021 (2020: 30 June 2020).



**KAMCO SAUDI EQUITY FUND**  
**An open-ended mutual fund**  
Managed By Kamco Investment Company Saudi  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2021**  
*(Saudi Arabian Riyals)*

**16. COMPARATIVE FIGURES**

During current period, transaction cost on investments at fair value through profit or loss has been reclassified from “net loss from investments” to “transaction cost” to conform to better presentation. Impact of this reclassification on the condensed interim statement of comprehensive income is disclosed below:

	<u>As originally reported</u>	<u>Reclassification</u>	<u>Amounts reported after reclassification</u>
<b>30 June 2020</b>			
Net loss from investments	(50,458,193)	543,298	(49,914,895)
Transaction cost	--	(543,298)	(543,298)

Since the amounts are reclassified within the condensed interim statement of comprehensive income, the above reclassification did not have any effect on the condensed interim statement of financial position, condensed interim statements of changes in net assets (Equity) attributable to the Unitholders and condensed interim statement of cash flows.

**17. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements of the Fund were approved by the Fund’s Board on 1 Moharram 1443H (corresponding to 10 August 2021).