

# صندوق بيت المال الخليجي للأسهم السعودية

## التقرير السنوي للعام 2020

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### اسم الصندوق

صندوق بيت المال الخليجي للأسهم السعودية (BMK Saudi Equity Fund).

### أهداف وسياسات الاستثمار

هو صندوق استثماري مفتوح، يهدف إلى تنمية رأس المال على المدى البعيد من خلال الاستثمار في أسهم الشركات السعودية خلال فترة الطرح العام الأولي والأسهم المدرجة في سوق الأسهم السعودية بما في ذلك حقوق الأولوية وتحقيق عوائد إيجابية مقارنة بالمؤشر الإرشادي وهو مؤشر سوق الأسهم السعودية (تاسي) TASI، مع إمكانية توزيع أرباح نقدية مرة واحدة سنوياً وذلك بعد الحصول على موافقة مجلس إدارة الصندوق، سواء من الأرباح الرأس مالية أو التوزيعات النقدية للشركات المستثمر بها أو كلاهما والتي استحقها الصندوق من استثماراته وبدون وجود حد أعلى أو أدنى لتلك التوزيعات. على أن يكون تاريخ استحقاق الأرباح النقدية هو آخر يوم عمل من السنة المالية للصندوق لمالكي الوحدات المسجلين في سجل الصندوق في ذلك اليوم، وسيتم توزيع تلك الأرباح في حال إقرارها من مجلس الإدارة خلال 45 يوماً تقويمياً من تاريخ الاستحقاق.

### توزيع الأرباح

لم يتم توزيع أي أرباح خلال الفترة

### تنويه

نود التنويه بأن التقارير الصندوق متاحة عند الطلب وبدون مقابل، ويمكن الاطلاع عليها من خلال الموقع الالكتروني للشركة

[www.bmk.com.sa](http://www.bmk.com.sa)

الأداء التاريخي للصندوق

1. جدول المقارنة

نسبة المصروفات %	عدد الوحدات المصدرة في نهاية الفترة	صافي قيمة الأصول الصندوق لكل وحدة			صافي قيمة الأصول الصندوق	كما في 31 ديسمبر
		أقل قيمة خلال الفترة	أعلى قيمة خلال الفترة	نهاية الفترة		
1.56%	5,715,476	9.8322	13.0388	11.4416	65,394,015	2014
2.33%	3,730,343	11.3711	11.7996	11.5803	43,198,411	2015
2.81%	5,109,556	8.8550	12.0033	11.9847	61,236,317	2016
2.44%	3,372,314	11.7888	14.4368	13.9073	46,899,795	2017
2.82%	834,298	13.9352	16.1545	15.1722	12,658,184	2018
3.03%	1,600,643	15.0830	19.9348	19.6360	31,430,292	2019
2.47%	1,488,162	12.9652	20.1060	18.3109	27,249,614	2020

2. سجل الأداء

الفترة	العائد الإجمالي
ثلاث سنوات	31.66 %
خمس سنوات	58.12 %
منذ التأسيس	83.11 %
عام 2014	14.42%
عام 2015	1.21%
عام 2016	3.49%
عام 2017	16.04%
عام 2018	9.10%
عام 2019	29.42%
عام 2020	-6.75%

مقابل الخدمات والأتعاب

بالريال السعودي	الرسوم والمصاريف الفعلية التي تحملها الصندوق خلال العام
499,101	رسوم الإدارة
33,844	رسوم الحفظ
7,500	رسوم متابعه ومراجعة وافصاح
5,250	رسوم تداول
23,288	رسوم المراجع الخارجي
4,916	رسوم الوساطة
12,000	مكافأة أعضاء مجلس إدارة الصندوق
53,621	رسوم ضريبة القيمة المضافة على خدمات الإدارة والحفظ
11,430	مصاريف اخرى

## تنويه

يتبع مدير الصندوق قواعد حساب بيانات أداء الصندوق بيت المال الخليجي للأسهم السعودية كما هو مفصّل عنه في الشروط والاحكام.

## التغييرات الجوهرية خلال الفترة

لم يتم مدير الصندوق بإحداث أي تغييرات جوهرية خلال الفترة.

## ممارسات التصويت خلال الفترة

لا يوجد.

## التقرير السنوي لمجلس الإدارة

- مناقشة أداء الصندوق
- اعتماد محاضر اجتماعات المجلس
- الاطلاع على التقرير السنوي المتضمن القوائم المالية واعتمادها للسنة المالية 2020م
- الاجتماع مع مسؤول المطابقة والالتزام والتبليغ عن غسل الأموال وتمويل الإرهاب
- الموافقة على استمرار التعاقد مع أمين الحفظ شركة الرياض المالية
- الموافقة على استمرار التعاقد مع مراجع الحسابات القانوني مجموعة بيكر تيلي
- مناقشة أي خطابات أو مخالفات واردة من هيئة السوق المالية

## مدير الصندوق

شركة بيت المال الخليجي  
ص ب: 9177  
الدمام 31413  
المملكة العربية السعودية  
هاتف: 0138316666  
فاكس: 0138316600  
[www.bmk.com.sa](http://www.bmk.com.sa)

## مدير الصندوق بالباطن

لا ينطبق

## الأنشطة الاستثمارية للصندوق

تم تنفيذ جميع استثمارات الصندوق بما يتوافق مع أهداف واستراتيجيات الصندوق مع استغلال الفرص الاستثمارية الممكنة  
أخذين بالاعتبار الالتزام بقيود الاستثمار التي نصت عليها الشروط والاحكام الصندوق قدر الإمكان

## التغييرات على الشروط والأحكام

- لا يوجد تغييرات خلال الفترة.

## معلومات أخرى

لمزيد من المعلومات يرجى الرجوع إلى شروط واحكام الصندوق.

## استثمار مدير الصندوق في صناديق اخرى

لا يوجد.

## العمولات الخاصة

لم يبرم مدير الصندوق خلال الفترة أي عمولات خاصة

أي بيانات ومعلومات أخرى أوجبت هذه اللائحة تضمينها بهذا التقرير

لا يوجد

## امين الحفظ

شركة الرياض المالية - رقم الترخيص 37 - 07070

6775 شارع التخصصي - العليا

الرياض 12331-3712

ص.ب: 21116 الرمز البريدي: 11475

المملكة العربية السعودية

هاتف: 486 5858 / 486 5866 11 966+

[www.riyadcapital.com](http://www.riyadcapital.com)

## مهام امين الحفظ

حفظ الأصول الصندوق وحماية أصول حاملي الوحدات واتخاذ الإجراءات الإدارية المتعلقة بحفظ أصول الصندوق

## المحاسب القانوني

### (1) أسم وعنوان المحاسب القانوني:

تم تعيين مجموعة بيكر تيلي

محاسبون قانونيون واستشاريون

ص.ب: 34422 | مدينة الخبر

المملكة العربية السعودية

هاتف: 0966 13830 0906+

فاكس: 966+ 13834 7582

[www.bakertillyjfc.com](http://www.bakertillyjfc.com)

## (2) رأي المحاسب القانوني في القوائم المالية المعدة:

أن القوائم المالية أعدت وروجعت وفقاً لمعايير المحاسبة الصادرة عن الهيئة السعودية للمحاسبين القانونيين وأحكام لائحة صناديق الاستثمار وشروط وأحكام الصندوق، وأن القوائم المالية تقدم صورة صحيحة وعادلة لصافي الدخل وصافي الأرباح والخسائر لأصول صندوق الاستثمار عن الفترة المحاسبية لتلك القوائم، وأن القوائم المالية تقدم صورة صحيحة وعادلة للمركز المالي لصندوق الاستثمار في نهاية الفترة.

القوائم المالية

**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020  
AND INDEPENDENT AUDITOR'S REPORT**



**BMK SAUDI EQUITY FUND**  
(Managed by Bait Al Mal Al Khaleeji Company)  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**INDEPENDENT AUDITOR'S REPORT****TO THE UNIT HOLDERS OF BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Khaleeji Company)

***Opinion***

We have audited the financial statements of BMK Saudi Equity Fund (the "Fund"), managed by Bait Al Mal Khaleeji Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Other Matter***

The financial statements of the Fund for the year ended 31 December 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements on 22 January 2020 (corresponding to 27 Jumada al- awwal 1441H).

***Responsibilities of Fund Manager and Those Charged with Governance for the Financial Statements***

Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA and the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Fund's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing ("ISAs") will always detect a material misstatement when it exists.

## INDEPENDENT AUDITOR'S REPORT

### TO THE UNIT HOLDERS OF BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Khaleeji Company)

#### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

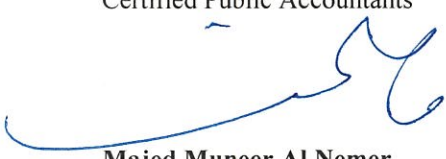
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Baker Tilly MKM & Co.**  
Certified Public Accountants

  
**Majed Muneer Al Nemer**  
License No. 381  
Al-Khobar 11 Rajab 1442H  
23 February 2021



**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	<i>Note</i>	<i>2020</i>	<i>2019</i>
		<i>SR</i>	<i>SR</i>
<b>ASSETS</b>			
Prepayments and other assets		<b>1,296</b>	-
Investments at fair value through profit or loss	4	<b>26,359,338</b>	29,112,843
Cash and cash equivalents		<b>956,815</b>	2,376,066
<b>TOTAL ASSETS</b>		<b>27,317,449</b>	31,488,909
<b>LIABILITIES</b>			
Accrued expenses	6	<b>67,834</b>	58,616
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>27,249,615</b>	31,430,293
<b>Units in issue (number)</b>		<b>1,488,162</b>	1,600,644
<b>Net assets attributable to each unit (SR)</b>		<b>18.31</b>	19.64

The accompanying notes from 1 to 10 form an integral part of these financial statements

**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>Note</i>	<b>2020</b> <i>SR</i>	<b>2019</b> <i>SR</i>
<b>Income</b>			
(Loss) gain on investments at fair value through profit or loss	4	<b>(2,196,390)</b>	4,022,882
Dividend income		<b>591,052</b>	327,907
		<b>(1,605,338)</b>	4,350,789
<b>Expenses</b>			
Fund management fees	7	<b>(499,101)</b>	(285,187)
Custody fees		<b>(33,844)</b>	(34,197)
Board of Directors' fees	7	<b>(12,000)</b>	(12,000)
Brokerage commission		<b>(4,916)</b>	(61,036)
Others		<b>(101,087)</b>	(62,449)
		<b>(650,948)</b>	(454,869)
<b>(Loss) profit for the year</b>		<b>(2,256,286)</b>	3,895,920
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>		<b>(2,256,286)</b>	3,895,920

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The accompanying notes from 1 to 10 form an integral part of these financial statements

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**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>2020</u>	<u>2019</u>
	<i>SR</i>	<i>SR</i>
Net assets attributable to unit holders at 1 January	<b>31,430,293</b>	12,658,184
(Loss) profit for the year	<b>(2,256,286)</b>	3,895,920
Proceeds from units issued	<b>11,989</b>	27,412,000
Payments for units redeemed	<b>(1,936,381)</b>	(12,535,811)
<b>Net assets attributable to unit holders at 31 December</b>	<b><u>27,249,615</u></b>	<b><u>31,430,293</u></b>

The accompanying notes from 1 to 10 form an integral part of these financial statements

**BMK SAUDI EQUITY FUND**  
(Managed by Bait Al Mal Al Khaleeji Company)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>2020</u>	<u>2019</u>
	<i>SR</i>	<i>SR</i>
<b>Operating activities</b>		
(Loss) profit for the year	(2,256,286)	3,895,920
Adjustments for changes in operating assets and liabilities::		
Net change in investments at fair value through profit or loss	2,753,505	(18,961,187)
Prepayments and other assets	(1,296)	32,625
Accrued expenses	9,218	(23,381)
<b>Net cash generated from (utilized in) operating activities</b>	<u>505,141</u>	<u>(15,056,023)</u>
<b>Financing activities</b>		
Value of units redeemed	(1,936,381)	(12,535,811)
Proceeds from units issued	11,989	27,412,000
<b>Net cash (utilized in) generated from financing activities</b>	<u>(1,924,392)</u>	<u>14,876,189</u>
<b>Net change in cash and cash equivalents</b>	<u>(1,419,251)</u>	<u>(179,834)</u>
Cash and cash equivalents at the beginning of the year	<u>2,376,066</u>	<u>2,555,900</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>956,815</u></u>	<u><u>2,376,066</u></u>

The accompanying notes from 1 to 10 form an integral part of these financial statements



## **BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1 - THE FUND AND ITS ACTIVITIES**

BMK Saudi Equity Fund (the "Fund") is an open-ended investment Fund, established and managed by the Bait Al Mal Al Khaleeji Company (the "Fund Manager"). The terms and conditions of the Fund were approved by the Capital Market Authority ("CMA") on 4 Jumada I 1435H (corresponding to 5 March 2014) and the Fund commenced its activities on 5 Rajab 1435H (corresponding to 4 May 2014) pursuant to such approval and after concluding the subscription procedures.

The Fund's objective is to achieve long-term capital growth through investment in Saudi equities listed on the Saudi Stock Market.

The Fund Manager is licensed and regulated by the CMA, through license no. 08123-37, to engage in dealing as a principle, managing mutual funds and providing consultation and safe keeping services for securities business.

The Fund is governed by Investment Fund Regulations ("the Regulations") published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006), thereafter amended on 16 Sha'ban 1437H (corresponding to 23 May 2016), detailing requirements of all funds within the Kingdom of Saudi Arabia.

In dealing with the unit holders, the Fund manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unit holders are considered as owners of the assets of the Fund and distributions are made in relation to their respective ownership in the total number of outstanding units.

#### **2 - BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION**

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (SOCPA).

The financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss that have been measured at fair value. The Fund's financial statements are presented in Saudi Riyals (SR), which is also the Fund's functional currency.

##### **2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

###### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

###### **Provisions**

Provisions are recognized when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

###### **Revenue recognition**

###### *Dividends*

Dividend revenue is recognized on the date when the Fund's right to receive the payment is established.

###### **Fair value measurement**

The Fund measures its investments in equity instruments at fair value at each reporting date.

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:



**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Fair value measurement (continued)**

-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.

The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Net assets value per unit**

The net assets value (NAV) per unit as disclosed on the statement of financial position is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

**Foreign currency transaction**

Transactions during the year in currencies other than the functional currency are translated into the functional currency at the rates of exchange at the dates of the transaction. Monetary assets and liabilities that are denominated in a foreign currency are retranslated at the rate of exchange ruling at the statement of financial position date. Exchange gains or losses are reflected in the statement of profit and loss and comprehensive income.

**Taxation / Zakat**

Zakat and income tax are the unit holders obligations and are not provided for in these financial statements.

**Financial assets*****Initial recognition and measurement***

Financial assets are classified, at initial recognition at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as described below:

## **BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Financial assets (continued)**

##### **Subsequent measurement (continued)**

##### **Financial assets at fair value through profit or loss**

Financial assets are classified as investments at fair value through profit or loss if they are acquired for the purpose of selling or repurchasing them in the near term. The Fund designated its holding in a local quoted securities portfolio as financial assets at fair value through profit or loss. Such investments are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss.

##### **Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### ***Derecognition***

A financial asset is primarily derecognised when:

The rights to receive cash flows from the asset have expired, or

The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

##### **Financial liabilities**

##### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### ***Subsequent measurement***

##### **Loans, borrowings and payables**

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Transaction costs are amortised using the EIR method from the date at which the loan is recognised over the repayment terms.

##### ***Derecognition***

A financial liability is derecognised when the obligation is discharged, cancelled or expires.

## BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial liabilities (continued)

#### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 2.3 USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements, Fund Manager has made judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

## 2.4 NEW STANDARDS AND AMENDMENTS TO STANDARDS

There are no new standards issued; however, the adoption of the following amendments to the existing standards had no significant financial impact on the financial statements of the Fund on the current period or prior periods and is expected to have no significant effect in future periods:

- Revised 'Conceptual Framework for Financial Reporting'.
- Amendments to IFRS 3 Business Combinations to clarify the definition of a business.
- Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments regarding pre-replacement issues in the context of the IBOR reform.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of material.
- Amendments to IFRS 16 Leases provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

## 2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new pronouncements are effective for annual periods beginning on or after 1 January 2021, and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date:</i>
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.		Effective date deferred indefinitely
Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities.		1 January 2023
IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.		1 January 2023
Amendments IFRS 3 <i>Business Combination</i> updating a reference to the Conceptual Framework.		1 January 2022

**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2020****2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date:</i>
Amendments to IAS 16	<i>Property, Plant and Equipment</i> prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022
Amendments to IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i> regarding the costs to include when assessing whether a contract is onerous.	1 January 2022
Amendments to IFRS 4 Insurance Contracts, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IFRS 16 Leases	regarding replacement issues in the context of the IBOR reform.	1 January 2021
Annual Improvements to IFRS 2018 – 2020 Cycle	amending IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

**3 - MANAGEMENT FEE AND OTHER EXPENSES**

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues a management fee, as set out in the Fund's terms and conditions, at an annual rate of 1.9% of the Funds net assets calculated every valuation day.

The Fund is responsible for all expenses, fees, other costs and liabilities incurred in managing and operating the Fund. Such expenses include, but are not limited to, audit, remuneration of the Fund's Board, administration, dealing costs, custody, government and other professional fees.

**4 - INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents investment in equity securities listed on the Saudi stock exchange ("Tadawul")

The investment portfolio is allocated among the various economic sectors, the fair values of these investments are as follows :

<b>Sector</b>	<b>2020</b>		<b>2019</b>	
	<b>Fair value</b>	<b>%</b>	<b>Fair value</b>	<b>%</b>
	<b>SR</b>		<b>SR</b>	
Financials	20,023,436	75.96	21,574,485	74.11
Energy	2,835,000	10.76	2,855,250	9.81
Materials	1,775,304	6.74	3,098,946	10.64
Consumer Discretionary	1,725,598	6.55	1,584,162	5.44
<b>Total</b>	<b>26,359,338</b>	<b>100</b>	<b>29,112,843</b>	<b>100</b>

The movement of investments at fair value through profit or loss is as follows:

	<b>2020</b>	<b>2019</b>
	<b>SR</b>	<b>SR</b>
1 January	29,112,843	10,151,656
Addition	3,444,770	54,623,007
Disposal	(4,001,885)	(39,684,702)
Change in fair value	(2,196,390)	4,022,882
31 December	26,359,338	29,112,843

**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2020****5 - FAIR VALUES**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, 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.

		<i>2020</i>					
		<b>Carrying amount</b>			<b>Fair value</b>		
	<b>Fair value</b>	<b>Amortised cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
<b>Financial assets</b>							
Investments at FVTPL	<b>26,359,338</b>	-	<b>26,359,338</b>	<b>26,359,338</b>	-	-	<b>26,359,338</b>
Cash and cash equivalents	-	<b>956,815</b>	<b>956,815</b>	-	-	-	-
	<b>26,359,338</b>	<b>956,815</b>	<b>27,316,153</b>	<b>26,359,338</b>	-	-	<b>26,359,338</b>
<b>Financial liabilities</b>							
Accrued expenses	-	<b>67,834</b>	<b>67,834</b>	-	-	-	-
	-	<b>67,834</b>	<b>67,834</b>	-	-	-	-
		<i>2019</i>					
		<b>Carrying amount</b>			<b>Fair value</b>		
	<b>Fair value</b>	<b>Amortised cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
<b>Financial assets</b>							
Investments at FVTPL	29,112,843	-	29,112,843	29,112,843	-	-	29,112,843
Cash and cash equivalents	-	2,376,066	2,376,066	-	-	-	-
	29,112,843	2,376,066	31,488,909	29,112,843	-	-	29,112,843
<b>Financial liabilities</b>							
Accrued expenses	-	58,616	58,616	-	-	-	-
	-	58,616	58,616	-	-	-	-

**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020****6 - ACCRUED EXPENSES**

	<u>2020</u>	<u>2019</u>
	<u>SR</u>	<u>SR</u>
Accrued management fees (note 7)	<b>50,460</b>	44,966
Others	<b>17,374</b>	13,650
	<b><u>67,834</u></b>	<b><u>58,616</u></b>

**7 - TRANSACTIONS WITH RELATED PARTIES**

The following table provides the total amount of transactions that have been entered into with related parties during the year and their related accruals as at :

Related party	Nature of transaction	Transactions for the year		Balances	
		2020	2019	2020	2019
		SR	SR	SR	SR
Fund Manager	Management fee	<b>499,101</b>	285,187	<b>50,460</b>	44,966
Fund Board	Board of Directors remuneration	<b>12,000</b>	12,000	-	-
Elite House GCC	Units issued	-	27,412,000	-	-
Equity Fund	Units redeemed	-	-	-	-
				<b><u>50,460</u></b>	<b><u>44,966</u></b>

As at 31 December 2020 the Elite House GCC Equity Fund (managed by same Fund Manager) holds 1,422,766 units in BMK Saudi Equity Fund (31 December 2019: 1,422,766 units).

Basis and term of payment for fee payable to related parties as per terms and conditions of the Fund approved by CMA are as follows:

Type of fee	Basis and rate	Basis for calculation
Management fees	1.9 % of net asset value	Annually, calculated on a daily basis
Board of Directors remunerations	SR 3,000 per meeting only payable to the independent members, maximum up to SR 12,000 per annum	Per member per meeting

**8 - VALUATION DAY**

The Fund's units are valued at every Monday and Wednesday and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these financial statements was 31 December 2020.

**9 - RISK MANAGEMENT****Commission rate risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to the changes in the market commission rates. The Fund is not subject to commission rate risk.

**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Fund seeks to manage its credit risk with respect to the banks by only dealing with reputable banks.

**BMK SAUDI EQUITY FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2020****9 - RISK MANAGEMENT (continued)****Credit risk (continued)**

	<u>2020</u>	<u>2019</u>
	<u>SR</u>	<u>SR</u>
Cash and cash equivalents	<u><b>956,815</b></u>	<u>2,376,066</u>

The carrying amount of financial assets represents the maximum credit exposure.

**Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Fund manages its liquidity risk by monitoring investing activities and cash flows on regular basis.

<b>31 December 2020</b>				
	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1 year to 5 years</u>	<u>More than 5 years</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<b>Financial Liabilities</b>				
Accrued expenses	<u><b>67,834</b></u>	<u><b>67,834</b></u>	<u>-</u>	<u>-</u>
	<u><b>67,834</b></u>	<u><b>67,834</b></u>	<u>-</u>	<u>-</u>
<b>31 December 2019</b>				
	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1 year to 5 years</u>	<u>More than 5 years</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<b>Financial Liabilities</b>				
Accrued expenses	<u>58,616</u>	<u>58,616</u>	<u>-</u>	<u>-</u>
	<u><b>58,616</b></u>	<u><b>58,616</b></u>	<u>-</u>	<u>-</u>

**Equity price**

The Fund listed equity securities are susceptible to market price risk arising from uncertainties about its future values of the investment securities. The Fund manages the equity price risk through diversification and by placing limits on individual and total equity instruments sectors.

**10 - APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Fund Management on 23 February 2021.