

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



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كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

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

To the Unitholders of the SNB Capital North America Index Fund

Introduction

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

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2023;
- the condensed statement of changes in net assets attributable to the Unitholders for the six-month period ended 30 June 2023;
- the condensed statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority and the Fund's terms and conditions. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed interim financial statements of the **SNB Capital North America Index Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

Date: 9 Muharram 1445 H
Corresponding to: 27 July 2023



SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	9	2,786	4,636
FVTPL investments	10	388,012	337,004
Other receivables		264	184
Total assets		391,062	341,824
LIABILITIES			
Other payables		1,651	4,152
Net assets attributable to the Unitholders		389,411	337,672
Units in issue in thousands (number)		50,281	50,534
Net assets value per unit (USD)		7.7447	6.6821

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

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by the SNB Capital Company)

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

For the six-month period ended 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2023</u>	<u>2022</u>
Unrealised gain / (loss) on FVTPL investments – net		45,650	(124,209)
Realised gain on FVTPL investments – net		6,970	10,848
Dividend income		2,043	2,075
Total income / (loss)		54,663	(111,286)
Management fees	<i>11</i>	(518)	(612)
Value added tax expense		(78)	(92)
Administrative expenses		(29)	(28)
Custody fees		(7)	(6)
Professional fees		(5)	(5)
Shariah audit fees		(4)	(4)
Fund Board remuneration		(3)	(3)
Capital Market Authority fees		(1)	(1)
Total operating expenses		(645)	(751)
Profit / (loss) for the period		54,018	(112,037)
Other comprehensive income for the period		--	--
Total comprehensive income / (loss) for the period		54,018	(112,037)

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

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the six-month period ended 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

	For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>
Net assets attributable to the Unitholders at the beginning of the period (Audited)	337,672	459,039
Total comprehensive income / (loss) for the period	54,018	(112,037)
Net (decrease) / increase in net assets from unit transactions during the period		
Proceeds from units issued	40,158	91,171
Value of units redeemed	(42,437)	(90,140)
	(2,279)	1,031
Net assets attributable to the Unitholders at the end of the period (Unaudited)	389,411	348,033

UNITS TRANSACTIONS

Transactions in units during the period are summarised as follows:

	For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>
	-----Units in '000s-----	
Units at the beginning of the period (Audited)	50,534	53,973
Units issued	5,661	12,303
Units redeemed	(5,914)	(12,268)
Net (decrease) / increase in units during the period	(253)	35
Units at the end of the period (Unaudited)	50,281	54,008

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SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by the SNB Capital Company)

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Profit / (loss) for the period		54,018	(112,037)
<i>Adjustments for:</i>			
Unrealised (gain) / loss on FVTPL investments – net		(45,650)	124,209
Realised gain on FVTPL investments – net		(6,970)	(10,848)
		<u>1,398</u>	<u>1,324</u>
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		1,612	(2,664)
Other receivables		(80)	(173)
Other payables		(2,501)	393
		<u>429</u>	<u>(1,120)</u>
Net cash generated from / (used in) operating activities			
Cash flows from financing activities			
Proceeds from units issued		40,158	91,171
Value of units redeemed		(42,437)	(90,140)
		<u>(2,279)</u>	<u>1,031</u>
Net cash (used in) / generated from financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	9	<u>4,636</u>	<u>2,116</u>
Cash and cash equivalents at the end of the period	9	<u>2,786</u>	<u>2,027</u>

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

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

1. THE FUND AND ITS ACTIVITIES

SNB Capital North America Index Fund (the “Fund”) is an open-ended investment fund, established under article 31 of the Investment Funds Regulations (the “Regulations”) issued by the Capital Market Authority (“CMA”), managed by the SNB Capital Company (the “Fund Manager”), a subsidiary of the Saudi National Bank (the “Bank”), for the benefit of the Fund’s Unitholders.

The Fund’s investments are held by Northern Trust Corporation, a custodian appointed by the Fund Manager.

The Fund Manager has appointed an international investment house, TCW Asset Management Company, United States of America as sub-manager to the Fund. Their duties include opening separate independent investment accounts and managing the Fund’s assets in line with the investment strategies and Shariah guidelines. The Fund does not make any distributions to the Unitholders. Instead, capital gains and dividends are reinvested.

The objective of the Fund is to invest primarily in securities of companies listed on major US and Canadian stock exchanges. Surplus cash balances may be placed in Murabaha transactions.

The terms and conditions of the Fund were issued by the Saudi Central Bank (“SAMA”) and subsequently endorsed by the CMA through its letter dated 18 Dhul Hijja 1429 H (corresponding to 16 December 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 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 2022.

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 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 United States Dollar (“USD”) which is the Fund’s functional and presentation have been rounded off to the nearest thousand unless otherwise stated.

SNB CAPITAL NORTH AMERICA INDEX FUND
(Managed by the SNB Capital Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

6. CHANGES IN THE FUND'S TERMS AND CONDITIONS

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

7. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The basis and the methods used for critical accounting judgements, estimates and assumptions adopted are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended 31 December 2022.

8. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended 31 December 2022.

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

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

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

Amendments to IAS 8 - *Definition of accounting estimates*

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

Amendments to IFRS 17 - *Insurance contracts*

b. Standards, interpretations and amendments issued but not yet effective

Standards, interpretations and amendments issued but not yet effective up to the date of issuance of the Fund's condensed interim financial statements are listed below. The Fund intends to adopt these standards when they become effective.

<u><i>Standards, interpretations and amendments</i></u>	<u><i>Description</i></u>	<u><i>Effective from periods beginning on or after the following date</i></u>
Amendments to IAS 1	Classification of liabilities as current or non-current and non current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and Leaseback transaction	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its 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 NORTH AMERICA INDEX FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

9. CASH AND CASH EQUIVALENTS

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

10. FVTPL INVESTMENTS

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

		<i>30 June 2023 (Unaudited)</i>		
<u>Currency</u>	<u>Country</u>	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
United States Dollar	Canada, Curacao, Ireland, Jersey, Netherlands, Switzerland, and United States of America	97.03	312,562	376,472
Canadian Dollar	Canada	2.97	10,216	11,540
		<u>100</u>	<u>322,778</u>	<u>388,012</u>

		<i>31 December 2022 (Audited)</i>		
<u>Currency</u>	<u>Country</u>	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
United States Dollar	United States of America	97.15	308,746	327,404
Canadian Dollar	Canada	2.85	8,674	9,600
		<u>100</u>	<u>317,420</u>	<u>337,004</u>

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

		<i>30 June 2023 (Unaudited)</i>		
<u>Industry Sector</u>		<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Healthcare Equipment and Services		29.97	100,671	116,268
Technology		29.60	85,638	114,863
Consumer Services		13.21	40,980	51,255
Industrials		10.47	36,664	40,639
Energy		6.30	19,907	24,438
Telecommunication Services		4.60	17,305	17,866
Materials		3.91	13,758	15,179
Financial		1.78	7,195	6,888
Utilities		0.16	660	616
		<u>100</u>	<u>322,778</u>	<u>388,012</u>

SNB CAPITAL NORTH AMERICA INDEX FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

10. FVTPL INVESTMENTS (CONTINUED)

<i>Industry Sector</i>	<i>31 December 2022 (Audited)</i>		
	<i>% of total investments (fair value)</i>	<i>Cost</i>	<i>Fair value</i>
Technology	25.50	92,767	85,924
Healthcare Equipment and Services	21.25	61,716	71,628
Capital Goods	17.84	55,356	60,122
Consumer Durables and Apparel	14.06	46,930	47,406
Consumer Services	8.55	25,782	28,826
Energy	7.53	17,565	25,365
Materials	3.86	12,214	12,994
Financials Services	1.23	4,428	4,143
Utilities	0.18	662	596
	<u>100</u>	<u>317,420</u>	<u>337,004</u>

11. RELATED PARTY TRANSACTIONS AND BALANCES

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

Management fees and other expenses

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues, daily, a management fee up to 0.3% (2022: 0.3%) 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% (2022: 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.

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

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions for the six-month period ended</i>		<i>Balance as at</i>	
		<i>30 June 2023 (Unaudited)</i>	<i>30 June 2022 (Unaudited)</i>	<i>30 June 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
SNB Capital Company	Management fees	518	612	152	310
	Expenses paid on behalf of the Fund	127	139		

SNB CAPITAL NORTH AMERICA INDEX FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in US Dollars '000 (unless otherwise stated)

11. RELATED PARTY TRANSACTIONS AND BALANCES

Other transactions with the related parties

During the period, other related parties including other funds managed by the Fund Manager invested in the units of the Fund in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions are approved by the Fund Board. Following are the details of transactions in Fund units during the period and closing balance in the units of the Fund:

<i>Name of related party</i>	<i>Nature of transaction</i>	<i>Amount of transactions for the six-month period ended</i>		<i>Balance as at</i>	
		<i>30 June 2023 (Unaudited)</i>	<i>30 June 2022 (Unaudited)</i>	<i>30 June 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
SNB Capital Multi-Asset Conservative Fund	Subscription of fund units	--	--	14,077	12,146
	Redemption of fund units	--	651		
SNB Capital Multi-Asset Moderate Fund	Subscription of fund units	--	--	30,882	26,645
	Redemption of fund units	--	--		
SNB Capital Multi-Asset Growth Fund	Subscription of fund units	--	--	17,012	14,678
	Redemption of fund units	--	--		
SNB Capital King Saud University Waqf Fund	Subscription of fund units	--	84	248	214
	Redemption of fund units	--	161		

12. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a market price, because this price is assessed to be a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognises transfer between levels of fair value at the end of the reporting period during which the change has occurred.

