

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



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة 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 GCC Trading Equity Fund

Introduction

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

- the condensed statement of financial position as at 30 June 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 GCC Trading Equity Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

Date: 13 Muharram 1445 H
Corresponding to: 31 July 2023



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (40,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

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

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

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

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	9	24,956	21,950
FVTPL investments	10	331,474	308,878
Other receivables		580	117
Total assets		357,010	330,945
LIABILITIES			
Other payables		4,356	1,870
Net assets attributable to the Unitholders		352,654	329,075
Units in issue in thousands (number)		183,171	211,707
Net assets value per unit (SAR)		1.9253	1.5544

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

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

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

For the six-month period ended 30 June 2023

Expressed in Saudi Arabian Riyals '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		58,735	(10,631)
Realised gain on FVTPL investments – net		14,067	44,736
Dividend income		7,359	4,982
Total income		<u>80,161</u>	<u>39,087</u>
Management fees	<i>11</i>	(3,144)	(3,412)
Value added tax expense		(472)	(512)
Administrative expenses		(174)	(51)
Custody fees		(85)	(83)
Professional fees		(25)	(21)
Fund Board remuneration		(12)	(12)
Shariah audit fees		(10)	(15)
Capital Market Authority fees		(4)	(4)
Total operating expenses		<u>(3,926)</u>	<u>(4,110)</u>
Profit for the period		<u>76,235</u>	<u>34,977</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u>76,235</u>	<u>34,977</u>

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

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

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the six-month period ended 30 June 2023

Expressed in Saudi Arabian Riyals '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)	329,075	350,371
Total comprehensive income for the period	76,235	34,977
Net decrease in net assets from unit transactions during the period		
Proceeds from units issued	41,460	71,684
Value of units redeemed	(94,116)	(115,043)
	(52,656)	(43,359)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	352,654	341,989

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)	211,707	240,184
Units issued	24,522	42,299
Units redeemed	(53,058)	(68,009)
Net decrease in units during the period	(28,536)	(25,710)
Units at the end of the period (Unaudited)	183,171	214,474

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

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

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

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

		For the six-month period ended 30 June	
	<i>Notes</i>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Profit for the period		76,235	34,977
<i>Adjustments for:</i>			
Unrealised (gain) / loss on FVTPL investments – net		(58,735)	10,631
Realised gain on FVTPL investments – net		(14,067)	(44,736)
		<u>3,433</u>	<u>872</u>
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		50,206	46,172
Other receivables		(463)	(1,608)
Other payables		<u>2,486</u>	<u>20,059</u>
Net cash generated from operating activities		<u>55,662</u>	<u>65,495</u>
Cash flows from financing activities			
Proceeds from units issued		41,460	71,684
Value of units redeemed		(94,116)	(115,043)
Net cash used in financing activities		<u>(52,656)</u>	<u>(43,359)</u>
Net increase in cash and cash equivalents		3,006	22,136
Cash and cash equivalents at the beginning of the period	9	<u>21,950</u>	<u>14,959</u>
Cash and cash equivalents at the end of the period	9	<u>24,956</u>	<u>37,095</u>

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

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

NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

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

1. THE FUND AND ITS ACTIVITIES

SNB Capital GCC Trading Equity Fund (“the Fund”) is a open-end investment fund, established under article 31 of the Investment Fund Regulations (the “Regulations”) issued by the Capital Market Authority (“CMA”) and managed by the SNB Capital Company (the “Fund Manager”), a subsidiary of the Saudi National Bank (the “Bank”), for the benefit of the Fund's Unitholders.

The Fund's objective is to achieve long-term capital growth by actively managing a concentrated portfolio of Shariah complaint companies in the Gulf Cooperation Council (“GCC”) equity market. Surplus cash may be invested in Shariah compliant Murabaha funds. The Fund does not make any distributions to Unitholders. Instead, capital gains and dividends are reinvested.

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

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulation”) published by the CMA’s Board Resolution no. (1-219-2006) dated 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended pursuant to the CMA’s Board Resolution no. (2-22-2021) dated 12 Rajab 1442 H (corresponding to 24 February 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF ACCOUNTING

These condensed interim financial statements of the Fund have been prepared in accordance with 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.

The condensed interim financial statements do not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the 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 interim statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

5. FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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

For the six-month period ended 30 June 2023

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

6. CHANGES IN THE FUND'S TERMS AND CONDITIONS

During the period, there has been no revision to the terms and conditions of the Fund.

7. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

<i>Standards, interpretations and amendments</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
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	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 GCC TRADING EQUITY FUND
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NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in Saudi Arabian Riyals '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 summarized below:

		30 June 2023 (Unaudited)		
<u>Currency</u>	<u>Country</u>	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Saudi Arabian Riyal	Saudi Arabia	88.66	209,059	293,875
Emirati Dirham	United Arab Emirates	6.57	20,640	21,775
Kuwaiti Dinar	Kuwait	2.97	9,023	9,865
Qatari Riyal	Qatar	1.80	8,386	5,959
		100	247,108	331,474

		31 December 2022 (Audited)		
<u>Currency</u>	<u>Country</u>	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Saudi Arabian Riyal	Saudi Arabia	72.96	195,634	225,354
Emirati Dirham	United Arab Emirates	14.89	45,393	46,006
Kuwaiti Dinar	Kuwait	6.79	21,624	20,965
Qatari Riyal	Qatar	5.36	20,601	16,553
		100	283,252	308,878

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

		30 June 2023 (Unaudited)		
<u>Industry Sector</u>		<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Banks		23.20	64,575	76,901
Energy		11.41	23,950	37,822
Capital Goods		10.89	24,002	36,092
Food and Staples Retailing		7.59	20,203	25,164
Materials		7.36	24,034	24,388
Insurance		6.70	11,582	22,204
Healthcare Equipment and Services		6.65	8,428	22,057
Retailing		5.64	12,967	18,701
Utilities		5.15	11,443	17,055
Industrials		4.77	17,410	15,824
Transportation		4.60	12,770	15,256
Consumer Services		3.53	7,311	11,704
Real Estate		2.51	8,433	8,306
		100	247,108	331,474

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

NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in Saudi Arabian Riyals '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>
Banks	29.49	75,561	91,084
Materials	11.42	40,281	35,283
Energy	9.28	23,020	28,652
Food and Staples Retailing	7.84	21,755	24,225
Industrials	6.21	21,224	19,194
Consumer Services	5.52	16,977	17,053
Health Care Equipment and Services	5.45	9,761	16,821
Real Estate	4.87	13,469	15,038
Insurance	4.79	13,416	14,790
Transportation	3.82	9,079	11,810
Capital Goods	3.37	10,374	10,417
Telecommunication Service	3.15	10,294	9,740
Utilities	2.41	7,298	7,440
Retailing	2.10	9,862	6,497
Technology	0.28	881	834
	<u>100</u>	<u>283,252</u>	<u>308,878</u>

11. RELATED PARTY TRANSACTIONS AND BALANCES

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

Management fees and other expenses

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues, daily a management fee, which should not be more than the maximum annual rate of 1.85% (2022:1.85%) per annum of the Fund's daily net assets value as set out in the Fund's terms and conditions.

The Fund Manager is also entitled to recover expenses incurred on behalf of the Fund relating to audit, custody, advisory, data processing and other similar charges. The maximum amount of such expenses that can be recovered from the Fund by the Fund Manager is restricted to 1% (2022:1%) per annum of the Fund's net assets value at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis.

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 during the period ended</i>		<i>Net balance payable 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	3,144	3,412		
	Expenses paid on behalf of the Fund	782	698	893	258

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

NOTES TO THE CONDENSED INTEIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2023

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

12. FAIR VALUE MEASUREMENT

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

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

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

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

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

Carrying amounts and fair value

The following table shows the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<i>As at 30 June 2023 (Unaudited)</i>				
	<i>Carrying amount</i>	<i>Fair value</i>			<i>Total</i>
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<u>Financial assets measured at fair value</u>					
FVTPL investments	331,474	331,474	--	--	331,474

	<i>As at 31 December 2022 (Audited)</i>				
	<i>Carrying amount</i>	<i>Fair value</i>			<i>Total</i>
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<u>Financial assets measured at fair value</u>					
FVTPL investments	308,878	308,878	--	--	308,878

SNB CAPITAL GCC TRADING EQUITY 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 Saudi Arabian Riyals '000 (unless otherwise stated)

12. FAIR VALUE MEASUREMENT (CONTINUED)

Carrying amounts and fair value (continued)

The fund has classified cash and cash equivalents and investments measured at fair value through profit or loss ("FVTPL") as level 1 as per the fair value hierarchy. During the period, there has been no transfer in fair value hierarchy. For other financial assets and liabilities, such as cash and cash equivalents, other receivable and other payables, the carrying values were determined to be a reasonable approximation of fair value due to their nature.

13. LAST VALUATION DAY

The last valuation date for the purpose of preparation of condensed interim financial statements was 22 June 2023 (2022: 29 December 2022)

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

There was no event subsequent to the statement of financial position date which required adjustment of or disclosure in the condensed interim financial statements or notes thereto.

15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 13 Muharram 1445 H corresponding to 31 July 2023.