

SNB CAPITAL SAUDI SMALL AND MID-CAP EQUITY FUND
(Managed by the SNB Capital Company)
CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 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 Saudi Small and Mid-Cap Equity Fund

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of the **SNB Capital Saudi Small and Mid-Cap Equity Fund** (the "Fund"), managed by the SNB Capital Company (the "Fund Manager"), which comprises:

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

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

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



SNB CAPITAL SAUDI SMALL AND MID-CAP 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	19,297	6,461
FVTPL investments	10	223,032	124,541
Other receivables		6,072	158
Total assets		248,401	131,160
LIABILITIES			
Other payables		1,656	1,259
Net assets attributable to the Unitholders		246,745	129,901
Units in issue in thousands (number)		45,929	35,961
Net assets value per unit (SAR)		5.3723	3.6122

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

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

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

For the six-month period ended 30 June 2023

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

	<i>Note</i>	For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>
Unrealised gain / (loss) on FVTPL investments – net		57,411	(12,928)
Realised gain on FVTPL investments – net		12,215	32,763
Dividend income		<u>1,956</u>	<u>1,492</u>
Total income		<u>71,582</u>	<u>21,327</u>
Management fees	<i>11</i>	(1,494)	(1,650)
Value added tax expense		(224)	(249)
Administrative expenses		(61)	(17)
Custody fees		(54)	(43)
Professional fees		(25)	(21)
Fund Board remuneration		(12)	(12)
Shariah audit fees		(10)	(15)
Capital Market Authority fees		<u>(4)</u>	<u>(4)</u>
Total operating expenses		<u>(1,884)</u>	<u>(2,011)</u>
Profit for the period		<u>69,698</u>	<u>19,316</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u>69,698</u>	<u>19,316</u>

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

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

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

For the six-month period ended 30 June 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)	129,901	170,120
Total comprehensive income for the period	69,698	19,316
Net increase / (decrease) in net assets from unit transactions during the period		
Proceeds from units issued	56,618	20,647
Value of units redeemed	(9,472)	(74,307)
	47,146	(53,660)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	246,745	135,776

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)	35,961	51,948
Units issued	12,085	5,456
Units redeemed	(2,117)	(19,221)
Net increase / (decrease) in units during the period	9,968	(13,765)
Units at the end of the period (Unaudited)	45,929	38,183

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

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

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

Expressed in Saudi Arabian Riyals '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 for the period		69,698	19,316
<i>Adjustments for:</i>			
Unrealised (gain) / loss on FVTPL investments – net		(57,411)	12,928
Realised gain on FVTPL investments – net		(12,215)	(32,763)
		<u>72</u>	<u>(519)</u>
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		(28,865)	51,430
Other receivables		(5,914)	2,492
Other payables		397	(1,552)
		<u>(34,310)</u>	<u>51,851</u>
Net cash (used in) / generated from operating activities			
Cash flows from financing activities			
Proceeds from units issued		56,618	20,647
Value of units redeemed		(9,472)	(74,307)
		<u>47,146</u>	<u>(53,660)</u>
Net cash generated from / (used in) financing activities			
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	9	<u>6,461</u>	<u>8,866</u>
Cash and cash equivalents at the end of the period	9	<u>19,297</u>	<u>7,057</u>

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

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

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)

1. THE FUND AND ITS ACTIVITIES

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

The Fund's objective is to generate long-term capital growth through investing in small and mid-cap companies in the Saudi equity market in accordance with the Shariah guidelines issued by the Fund Shariah Board. The Fund does not make any distributions to Unitholders. Instead, capital gains and dividends will be reinvested.

The terms and conditions of the Fund were issued on 26 Jumada Al-Akhirah 1429 H (corresponding to 30 June 2008). The Fund commenced its activities on 02 Rajab 1429 H (corresponding to 05 July 2008).

2. REGULATING AUTHORITY

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

3. BASIS OF ACCOUNTING

These condensed interim financial statements of the Fund have been prepared in accordance with 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 interim statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

5. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). These condensed interim financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Fund's functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

SNB CAPITAL SAUDI SMALL AND MID-CAP EQUITY FUND
(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)

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.

<u>Standards, interpretations and amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</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	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 SAUDI SMALL AND MID-CAP EQUITY FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 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 industry sector is summarized below:

<u>Industry Sector</u>	<u>30 June 2023 (Unaudited)</u>		
	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Capital Goods	20.36	29,849	45,405
Healthcare Equipment and Services	13.16	16,020	29,353
Materials	12.35	21,486	27,543
Retailing	8.67	12,972	19,339
Transportation	6.35	11,917	14,169
Insurance	5.81	7,492	12,951
Bank	5.58	10,562	12,456
Industrials	5.49	11,970	12,240
Food and Staples Retailing	5.32	9,925	11,875
Energy	5.03	8,276	11,217
Consumer Services	4.71	8,069	10,502
Telecommunication Services	4.40	8,159	9,810
Consumer Durables and Apparel	2.77	4,019	6,172
	100	160,716	223,032

<u>Industry Sector</u>	<u>31 December 2022 (Audited)</u>		
	<u>% of total investments (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Materials	23.48	35,592	29,248
Healthcare Equipment and Services	16.21	16,480	20,194
Consumer Services	14.28	17,692	17,783
Capital Goods	9.36	11,348	11,651
Transportation	7.72	7,598	9,620
Food and Staples Retailing	7.65	8,147	9,530
Bank	7.03	5,597	8,761
Energy	6.23	7,651	7,755
Insurance	5.65	6,853	7,041
Technology	2.39	2,678	2,958
	100	119,636	124,541

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

For the six-month period ended 30 June 2023

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

11. RELATED PARTY TRANSACTIONS AND BALANCES

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

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 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>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	1,494	1,650	514	148
	Expenses paid on behalf of the Fund	390	361		
SNB Capital Saudi Trading Equity Fund	Redemption of units	--	17,495	--	--

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.

