

SNB CAPITAL GLOBAL HEALTHCARE 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 Global Healthcare Fund

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of the **SNB Capital Global Healthcare 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 Global Healthcare 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: 15 Muharram 1445 H
Corresponding to: 2 August 2023



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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (٤٠.٠٠٠.٠٠٠) ريال سعودي متفرقة بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون كاتوون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

SNB CAPITAL GLOBAL HEALTHCARE 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)	<i>31 December 2022 (Audited)</i>
ASSETS			
Cash and cash equivalents	9	294	1,027
FVTPL investments	10	56,575	59,613
Other receivables		40	26
Total assets		56,909	60,666
LIABILITIES			
Other payables		354	483
Net assets attributable to the Unitholders		56,555	60,183
Units in issue in thousands (number)		17,536	18,881
Net assets value per unit (USD)		3.2251	3.1876

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

SNB CAPITAL GLOBAL HEALTHCARE 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)

	<i>Note</i>	For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>
Realised gain on FVTPL investments – net		1,122	717
Unrealised loss on FVTPL investments – net		(329)	(13,715)
Dividend income		435	518
Total income / (loss)		<u>1,228</u>	<u>(12,480)</u>
Management fees	11	(509)	(641)
Value added tax expense		(76)	(96)
Custody fees		(26)	(8)
Administrative expenses		(8)	(5)
Professional fees		(5)	(4)
Shariah audit fees		(4)	(3)
Fund Board remuneration		(3)	(2)
Capital Market Authority fees		(1)	(1)
Total operating expenses		<u>(632)</u>	<u>(760)</u>
Profit / (loss) for the period		<u>596</u>	<u>(13,240)</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income / (loss) for the period		<u>596</u>	<u>(13,240)</u>

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

SNB CAPITAL GLOBAL HEALTHCARE 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)	60,183	81,772
Total comprehensive income / (loss) for the period	596	(13,240)
Decrease in net assets from unit transactions during the period		
Proceeds from units issued	1,114	1,564
Value of units redeemed	(5,338)	(6,278)
	(4,224)	(4,714)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	56,555	63,818

UNITS TRANSACTIONS

Transactions in units during the period are summarized 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)	18,881	22,314
Units issued	352	481
Units redeemed	(1,697)	(1,947)
Net decrease in units during the period	(1,345)	(1,466)
Units at the end of the period (Unaudited)	17,536	20,848

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

SNB CAPITAL GLOBAL HEALTHCARE 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		596	(13,240)
<u>Adjustments for:</u>			
Realised (gain) / loss gain on FVTPL investments – net		(1,122)	(717)
Unrealised loss on FVTPL investments – net		329	13,715
		<u>(197)</u>	<u>(242)</u>
<u>Net changes in operating assets and liabilities:</u>			
FVTPL investments		3,831	4,850
Other receivables		(14)	(4,868)
Other payables		(129)	4,856
		<u>3,491</u>	<u>4,596</u>
Net cash generated from operating activities			
Cash flows from financing activities			
Proceeds from units issued		1,114	1,564
Value of units redeemed		(5,338)	(6,278)
		<u>(4,224)</u>	<u>(4,714)</u>
Net cash used in financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	9	<u>1,027</u>	<u>649</u>
Cash and cash equivalents at the end of the period	9	<u>294</u>	<u>531</u>

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

SNB CAPITAL GLOBAL HEALTHCARE 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 Global Healthcare 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 invests in securities of Shariah compliant companies involved in healthcare services and related activities, listed on major international stock exchanges. Surplus cash balances may be placed in Murabaha contracts.

The terms and conditions of the Fund were originally approved by the Saudi Arabian Monetary Authority (“SAMA”) and subsequently endorsed by the CMA through its letter dated 18 Dhul Hijja 1429 H (corresponding to 16 December 2008). The Fund commenced its activities on 3 Shaban 1421 H (corresponding to 30 October 2000).

2. REGULATING AUTHORITY

The Fund is governed by the Investment Funds 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.

SNB CAPITAL GLOBAL HEALTHCARE 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)

5. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the 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 Fund Manager uses judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The Fund’s investments transactions are denominated in United States Dollar (“USD”), Swiss Franc and certain other foreign currencies. Investor subscriptions and redemptions are determined based on the net asset value and received and paid in USD and expenses of the Fund are also paid in USD. Accordingly, Fund Manager has determined that the functional currency of the Fund is USD.

6. CHANGES IN THE FUND’S TERMS AND CONDITIONS

During the period, there have been no significant 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 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, effective during the period

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*

SNB CAPITAL GLOBAL HEALTHCARE 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)

8. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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><u>Standards, interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></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 transaction	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associates 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.

9. CASH AND CASH EQUIVALENTS

This comprises of balances held with an international bank having sound credit rating.

10. FVTPL INVESTMENTS

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

<i><u>Currency</u></i>	<i><u>Country</u></i>	<i><u>30 June 2023 (Unaudited)</u></i>		
		<i><u>% of total investments (fair value)</u></i>	<i><u>Cost</u></i>	<i><u>Fair value</u></i>
United States Dollar	Bermuda, Ireland, Italy, Switzerland, United Kingdom and United States of America	67.55	32,749	38,218
Swiss Franc	Switzerland	10.06	5,424	5,694
Danish Krone	Denmark	8.78	3,344	4,965
Australian Dollar	Australia and New Zealand	4.45	2,267	2,519
Euro	Finland and Italy	3.00	1,568	1,698
Japanese Yen	Japan	2.23	1,328	1,263
Others	United Kingdom, Thailand, Sweden, Cayman Islands, Norway and China	3.93	1,689	2,218
		<u>100</u>	<u>48,369</u>	<u>56,575</u>

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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>Currency</i>	<i>Country</i>	<i>31 December 2022 (Audited)</i>		
		<i>% of total investments (Fair value)</i>	<i>Cost</i>	<i>Fair value</i>
United States Dollar	United States of America and Ireland	62.48	31,516	37,248
Swiss Franc	Switzerland	13.77	7,975	8,209
Euro	Denmark, France, Germany, Luxembourg and Netherlands	10.23	5,564	6,097
Danish Krone	Denmark	8.47	3,545	5,049
Australian Dollar	Australia	1.81	1,072	1,081
Others	United Kingdom, Sweden, Japan, Norway, Cayman Islands and Singapore	3.24	1,406	1,929
		100	51,078	59,613

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 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 entered into the 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.

Related party	Nature of transactions	Amounts of transactions for the six-month period ended		Balance as at	
		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
SNB Capital Company	Management fees	509	641	158	382
	Expenses paid on behalf of the Fund	123	119		

SNB CAPITAL GLOBAL HEALTHCARE 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)

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 a financial 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.

	As at 30 June 2023 (Unaudited)				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value</u>					
FVTPL investments	56,575	56,575	--	--	56,575
	As at 31 December 2022 (Audited)				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value</u>					
FVTPL investments	59,613	59,613	--	--	59,613

SNB CAPITAL GLOBAL HEALTHCARE 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)

12. FAIR VALUE MEASUREMENT (CONTINUED)

The Fund has classified investments measured at FVTPL as per the fair value hierarchy as level 1. During the period, there has been no transfer in fair value hierarchy for FVTPL investments. For other financial assets and liabilities not measured at fair value such as cash and cash equivalents, other receivables and other payables, the carrying values were determined to be a reasonable approximation of fair value due to their short-term nature.

13. LAST VALUATION DAY

The last valuation date for the purpose of preparation of condensed interim financial statements was 22 June 2022 (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 financial statements or notes thereto.

15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 15 Muharram 1445 H corresponding to 2 August 2023.