

SNB CAPITAL AL-RAED GCC 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

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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 Al-Raed GCC Fund

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of the **SNB Capital Al-Raed GCC Fund** (the "Fund"), managed by 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 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 Al-Raed GCC 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: 14 Muharram 1445 H
Corresponding to: 1 August 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 مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (٤٠.٠٠٠.٠٠٠) ريال سعودي منفرع بالكامل، المسماة سابقاً "شركة كي بي إم جي للوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة له كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان، جميع الحقوق محفوظة.

SNB CAPITAL AL-RAED GCC 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	2,695	2,201
FVTPL investments	10	39,411	36,443
Other receivables		60	--
Total assets		42,166	38,644
LIABILITIES			
Other payables		149	280
Net assets attributable to the Unitholders		42,017	38,364
Units in issue in thousands (number)		1,140	1,291
Net asset value per unit (SAR)		36.8570	29.7594

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

SNB CAPITAL AL-RAED GCC 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		6,124	(3,562)
Realised gain on FVTPL investments – net		1,962	7,551
Dividend income		772	575
Total income		<u>8,858</u>	<u>4,564</u>
Management fees	<i>11</i>	(364)	(438)
Administrative expenses		(113)	(15)
Value added tax expense		(55)	(66)
Total operating expenses		<u>(532)</u>	<u>(519)</u>
Profit for the period		<u>8,326</u>	<u>4,045</u>
Other comprehensive income for the period		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u><u>8,326</u></u>	<u><u>4,045</u></u>

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

SNB CAPITAL AL-RAED GCC 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)	38,364	40,278
Total comprehensive income for the period	8,326	4,045
Net decrease in net assets from unit transactions during the period		
Proceeds from units issued	599	1,208
Value of units redeemed	(5,272)	(5,779)
	(4,673)	(4,571)
Net assets attributable to the Unitholders at the end of the period (Unaudited)	<u>42,017</u>	<u>39,752</u>

UNITS TRANSACTIONS

Transactions in units during the period are summarised as follows:

	For the six-month ended 30 June	
	<u>2023</u>	<u>2022</u>
	-----Units' in 000-----	
Units at the beginning of the period (Audited)	1,291	1,442
Units issued	18	36
Units redeemed	(169)	(177)
Net decrease in units during the period	(151)	(141)
Units at the end of the period (Unaudited)	<u>1,140</u>	<u>1,301</u>

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

SNB CAPITAL AL-RAED GCC 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>Note</i>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Profit for the period		8,326	4,045
<i>Adjustment for:</i>			
Unrealised (gain) / loss on FVTPL investments – net		(6,124)	3,562
Realised gain on FVTPL investments – net		<u>(1,962)</u>	<u>(7,551)</u>
		240	56
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		5,118	4,000
Other receivables		(60)	(582)
Other payables		(131)	541
		<u>5,167</u>	<u>4,015</u>
Net cash generated from operating activities			
Cash flows from financing activities			
Proceeds from units issued		599	1,208
Value of units redeemed		(5,272)	(5,779)
		<u>(4,673)</u>	<u>(4,571)</u>
Net cash used in from financing activities			
Net increase / (decrease) in cash and cash equivalents		494	(556)
Cash and cash equivalents at the beginning of the period	⁹	<u>2,201</u>	<u>2,417</u>
Cash and cash equivalents at the end of the period	⁹	<u>2,695</u>	<u>1,861</u>

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

SNB CAPITAL AL-RAED GCC 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 Al Raed GCC Fund (the “Fund”) is a public 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 objective of the Fund is to invest in equity securities of companies in the Gulf Cooperation Council (“GCC”) that are Shariah compliant. The investments in the securities include Initial Public Offerings, secondary offerings and other public issuances.

The terms and conditions of the Fund were issued on 15 Ramadan 1427H (corresponding to 8 October 2006). The Fund commenced its activities on 15 Ramadan 1427H (corresponding to 8 October 2006).

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 to 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”). If indicators of the primary economic environment are mixed, then the Fund Manager uses judgement to determine the functional currency that most faithfully impacts 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 SAR.

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 AL-RAED GCC 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)

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 as at 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 AL-RAED GCC 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 a 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>
Saudi Arabian Riyal	Saudi Arabia	88.69	24,591	34,953
Emirati Dirham	United Arab Emirates	6.55	2,435	2,583
Kuwaiti Dinar	Kuwait	2.97	954	1,170
Qatari Riyal	Qatar	1.79	724	705
		<u>100</u>	<u>28,704</u>	<u>39,411</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>
Saudi Arabian Riyal	Saudi Arabia	73.01	22,247	26,607
Emirati Dirham	United Arab Emirates	14.89	5,119	5,425
Kuwaiti Dinar	Kuwait	6.77	2,382	2,466
Qatari Riyal	Qatar	5.33	2,112	1,945
		<u>100</u>	<u>31,860</u>	<u>36,443</u>

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

<i>30 June 2023 (Unaudited)</i>			
<u>Industry Sector</u>	<u>% of total investment (fair value)</u>	<u>Cost</u>	<u>Fair value</u>
Banks	23.13	6,581	9,114
Energy	11.80	3,555	4,649
Capital Goods	10.85	2,751	4,278
Food and Staples Retailing	7.57	2,398	2,984
Materials	7.22	2,742	2,845
Insurance	6.68	1,421	2,632
Healthcare Equipment and Services	6.63	1,302	2,612
Retailing	5.63	1,538	2,217
Utilities	5.13	1,355	2,021
Industrials	4.76	1,678	1,874
Transportation	4.59	1,512	1,807
Consumer Services	3.53	869	1,391
Real Estate	2.48	1,002	987
	<u>100</u>	<u>28,704</u>	<u>39,411</u>

SNB CAPITAL AL-RAED GCC 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)

10. FVTPL INVESTMENTS (CONTINUED)

<i>Industry Sector</i>	<i>31 December 2022 (Audited)</i>		
	<i>% of total investment (fair value)</i>	<i>Cost</i>	<i>Fair value</i>
Banks	29.41	7,468	10,717
Materials	11.42	4,713	4,163
Energy	9.29	3,325	3,385
Food and Staples Retailing	7.83	2,601	2,854
Industrials	6.20	2,046	2,261
Consumer Services	5.55	2,021	2,024
Healthcare Equipment and Services	5.51	1,521	2,008
Real Estate	4.84	1,375	1,764
Insurance	4.78	1,636	1,742
Transportation	3.81	1,124	1,389
Capital Goods	3.36	1,222	1,225
Telecommunication Services	3.14	1,188	1,143
Utilities	2.47	882	901
Retailing	2.12	638	772
Technology	0.27	100	95
	100	31,860	36,443

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 1.95% (2022: 1.95%) 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 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 fee	364	438	143	207
	Expenses Paid on behalf of fund	168	81		

SNB CAPITAL AL-RAED GCC 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)

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 transfers 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are 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	39,411	39,411	--	--	39,411
<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	36,443	36,443	--	--	36,443

SNB CAPITAL AL-RAED GCC 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)

12. FAIR VALUE MEASUREMENT (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 day for the purpose of preparation of these 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 THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 14 Muharram 1445 H corresponding to 1 August 2023.