

SAIB GCC EQUITY FUND
An open-ended mutual fund
**(Managed by Alistithmar for Financial
Securities and Brokerage Company)**
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2021
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
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

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

To the Unitholders of SAIB GCC Equity Fund

Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **SAIB GCC Equity Fund** ("the Fund"), managed by Alistithmar for Financial Securities and Brokerage Company ("the Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2021;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2021;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2021;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2021; 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 International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. 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 information 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 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 2021 condensed interim financial statements of **SAIB GCC 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

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 9 Muharram 1443H
Corresponding to: 17 August 2021



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كي بي إم جي للاستشارات المهنية شركة مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (١٥,٠٠٠,٠٠٠) ريال سعودي مطوع بالكامل، المسماة سابقاً بشركة كي بي إم جي فوزان وشركه محاسبين ومراجعين قانونيون". و هي عضو غير شريك في شبكة العالمية لشركات كي بي إم جي المستقلة التابعة لكي بي إم جي العالمية المحدودة، شركة التجزئة محدودة بضمان. جميع الحقوق محفوظة.

SAIB GCC EQUITY FUND
 An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 As at 30 June 2021
 (Amounts in United States Dollars)

	<i>Notes</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	9	462,366	868,613
Dividend receivable		10,667	17,319
Investments	10	21,997,217	17,065,696
Total Assets		22,470,250	17,951,628
<u>LIABILITIES</u>			
Management fee payable	12, 13	36,959	30,336
Accrued expenses		10,076	17,354
Total Liabilities		47,035	47,690
Net assets (equity) attributable to the Unitholders		22,423,215	17,903,938
Units in issue (numbers)		67,904	69,504
Net assets (equity) attributable to each unit (USD)		330.22	257.60

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.

SAIB GCC EQUITY FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in United States Dollars)

	<i>Notes</i>	For the six-month period ended 30 June	
<u>INCOME</u>		2021	2020
Dividend income		321,516	266,594
Gain / (loss) on investments, net	<i>11</i>	4,909,336	(1,887,080)
Total income / (loss)		5,230,852	(1,620,486)
<u>EXPENSES</u>			
Management fee	<i>12, 13</i>	(174,278)	(129,852)
Custody fee		(7,934)	(7,956)
Other expenses		(18,878)	(54,859)
Total expenses		(201,090)	(192,667)
Net income / (loss) for the period		5,029,762	(1,813,153)
Other comprehensive income for the period		--	--
Total comprehensive income / (loss) for the period		5,029,762	(1,813,153)

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.

SAIB GCC EQUITY FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in United States Dollars)

	For the six-month period ended 30 June	
	<u>2021</u>	<u>2020</u>
Net assets (equity) attributable to the Unitholders at beginning of the period	17,903,938	18,206,812
Total comprehensive income / (loss) for the period	5,029,762	(1,813,153)
Contributions and redemptions by the Unitholders:		
Proceeds from issuance of units during the period	--	78,844
Payments on redemption of units during the period	(510,485)	(1,678,528)
Net redemptions by the Unitholders	(510,485)	(1,599,684)
Net assets (equity) attributable to the Unitholders at end of the period	<u>22,423,215</u>	<u>14,793,975</u>

UNITS TRANSACTIONS *(numbers)*

	For the six-month period ended 30 June	
	<u>2021</u>	<u>2020</u>
Units at the beginning of the period	69,504	77,876
Units issued during the period	--	381
Units redeemed during the period	(1,600)	(7,183)
Net decrease in units	(1,600)	(6,802)
Units at the end of the period	<u>67,904</u>	<u>71,074</u>

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.

SAIB GCC EQUITY FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in United States Dollars)

	<i>Notes</i>	For the six-month period ended 30 June	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period		5,029,762	(1,813,153)
<i>Adjustment for:</i>			
Dividend income		(321,516)	(266,594)
(Gain) / loss on investments, net	<i>11</i>	(4,909,336)	1,887,080
		(201,090)	(192,667)
Changes in operating assets and liabilities:			
(Increase) / decrease in investments		(22,185)	1,976,366
Increase / (decrease) in management fee payable		6,623	(409)
Decrease in accrued expenses		(7,278)	(7,217)
Cash (used in) / generated from operations		(223,930)	1,776,073
Dividend received		328,168	224,864
Net cash generated from operating activities		104,238	2,000,937
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		--	78,844
Payments on redemptions of units		(510,485)	(1,678,528)
Net cash used in financing activities		(510,485)	(1,599,684)
Net (decrease) / increase in cash and cash equivalents		(406,247)	401,253
Cash and cash equivalents at the beginning of the period		868,613	866,738
Cash and cash equivalents at the end of the period	<i>9</i>	462,366	1,267,991

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.

SAIB GCC EQUITY FUND

An open-ended mutual fund

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2021

(Amounts in United States Dollars)

1. GENERAL

SAIB GCC Equity Fund (the “Fund”) is an open-ended investment fund created by an agreement between Alistithmar for Financial Securities and Brokerage Company (the “Fund Manager” or “Alistithmar Capital”), a wholly owned subsidiary of The Saudi Investment Bank (the “Bank”), and the investors (the “Unitholders”). The Fund commenced its operations on 24 July 2004.

The Fund is designed for investors seeking long-term capital growth through diversified exposure to GCC, Arab markets and other Gulf countries’ equities and financial products. All income is reinvested in the Fund and is reflected in the unit price.

Alistithmar Capital is the Fund Manager and Riyadh Capital Company (“Riyad Capital”) is the custodian of the Fund.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate condensed interim financial statements of the Fund.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended on 16 Sha’ban 1437 H (corresponding to 23 May 2016). The Regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

3. BASIS OF ACCOUNTING

These condensed interim financial statements are prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by the Capital Market Authority (“CMA”), the Fund’s terms and conditions and the Information Memorandum. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund’s annual audited financial statements for the year ended 31 December 2020

4. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on a historical cost basis, except for measurement of investments at fair value through profit or loss (“FVTPL”) which are carried at fair value, using the accrual basis of accounting and the going concern concept.

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 statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

5. FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are presented in United States Dollars (“USD”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest USD.

SAIB GCC EQUITY FUND
 An open-ended mutual fund
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)
 For the six-month period ended 30 June 2021
(Amounts in United States Dollars)

6. USE OF JUDGMENTS AND ESTIMATES

In preparing these condensed interim financial statements, management has made judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

7. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2020.

8. NEW STANDARDS

a) New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (“IASB”) have been effective from 1 January 2021 and accordingly adopted by the Fund, as applicable:

<u>Standards / Amendments</u>	<u>Description</u>
Amendments to IFRS 9, 7, 4, 16 and IAS 39	Interest Rate Benchmark Reform Phase 2
The adoption of the amended standards and interpretations applicable to the Fund did not have any significant impact on these condensed interim financial statements.	

b) New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective up to the date of issuance of the Fund’s condensed interim financial statements. The Fund intends to adopt these standards when they become effective.

<u>Standards / Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 37	Onerous Contracts: cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 1 and IFRS 9	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual framework	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale for Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption

SAIB GCC EQUITY FUND
An open-ended mutual fund
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in United States Dollars)

9. CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Cash in trading account	21,551	335,833
Cash with custodian	440,815	532,780
	<u>462,366</u>	<u>868,613</u>

10. INVESTMENTS

Equity securities:	30 June 2021	31 December 2020
Fair value through profit or loss	<u>21,997,217</u>	<u>17,065,696</u>

The table below summarizes the Fund's exposure to listed equity securities of various industry sectors:

Industry sector	30 June 2021		31 December 2020	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Financial services	8,187,079	10,165,411	7,352,635	6,834,314
Materials	3,774,316	4,953,585	2,872,928	3,264,820
Real estate	1,563,348	1,728,068	1,359,779	1,310,141
Health care	896,856	1,237,838	693,673	857,999
Energy	1,036,148	1,225,104	709,151	704,122
Utilities	523,103	584,448	317,932	431,335
Industrial	444,665	481,149	242,091	313,883
Consumer staples	423,403	430,641	966,845	1,125,455
Transport	480,439	427,788	331,202	398,614
Communication services	398,891	426,461	391,588	480,435
Consumer discretionary	340,670	336,724	1,007,001	1,344,578
	<u>18,068,918</u>	<u>21,997,217</u>	<u>16,244,825</u>	<u>17,065,696</u>

The geographical exposure of investments as at the statement of financial position date is as follows:

	30 June 2021		31 December 2020	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Kingdom of Saudi Arabia	14,202,713	17,717,507	12,180,687	13,365,998
United Arab Emirates	2,051,390	2,367,507	2,462,102	2,243,592
Kuwait	1,814,815	1,912,203	1,602,036	1,456,106
	<u>18,068,918</u>	<u>21,997,217</u>	<u>16,244,825</u>	<u>17,065,696</u>

11. GAIN / (LOSS) ON INVESTMENTS, NET

	For the six-month period ended 30 June	
	<u>2021</u>	<u>2020</u>
Realised gain, net	981,037	20,975
Unrealised gain / (loss), net	3,928,299	(1,908,055)
	<u>4,909,336</u>	<u>(1,887,080)</u>

SAIB GCC EQUITY FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in United States Dollars)

12. MANAGEMENT FEES

As per the terms and conditions of the Fund, the Fund pays a management fee to the Fund Manager equal to 1.75% per annum of the net assets value at each valuation date. Additionally, administration expenses paid by the Fund Manager on behalf of the Fund are reimbursed by the Fund.

13. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Fund include the Fund Manager, the Fund Board, the Bank and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with its related parties.

In addition to transactions disclosed elsewhere in these condensed interim financial statements, related party transactions and balances are as follows:

Transactions with related parties:

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>For the six-month period ended 30 June</u>	
			<u>2021</u>	<u>2020</u>
Alistithmar Capital	The Fund Manager	Management fee	174,278	129,852
		Securities transaction costs	15,658	17,094
The Fund Board	The Fund Board	The Fund Board fee	873	875

Balances with related parties:

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balance</u>	<u>30 June</u>	<u>31 December</u>
			<u>2021</u>	<u>2020</u>
Alistithmar Capital	The Fund Manager	Cash in trading account	21,551	335,833
		Management fee payable	36,959	30,336
		Accrued expenses <i>(Note 12)</i>	8,527	15,733

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fund measures certain financial instruments at fair value at each statement of financial position date.

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.

SAIB GCC EQUITY FUND
An open-ended mutual fund
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in United States Dollars)

14. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation models

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund values equity securities that are traded on a stock exchange at their last reported prices. To the extent that equity securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy, hence the Fund's assets carried at fair value have been categorized in Level 1 of fair value hierarchy.

The table below presents the financial instruments measured at their fair values as of reporting date based on the fair value hierarchy:

	30 June 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	21,997,217	--	--	21,997,217
	31 December 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	17,065,696	--	--	17,065,696

During the period, there has been no transfer in fair value hierarchy.

Other financial instruments such as cash and cash equivalents, dividend receivable, management fee payable and accrued expenses are short term financial assets and financial liabilities whose carrying amounts are approximate to their fair values, because of their short-term nature and the high credit quality of counterparties.

SAIB GCC EQUITY FUND
An open-ended mutual fund
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in United States Dollars)

15. LAST VALUATION DAY

The last valuation day of the period was 30 June 2021 (2020: 31 December 2020).

16. COVID-19 PENDING

The Coronavirus (“COVID-19”) pandemic continues to disrupt global markets as many geographies are experiencing multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date.

The Fund Manager continues to evaluate the current situation through reviewing its investment strategy and other risk management practices to manage the impact COVID 19 outbreak has had on its normal operations and financial performance.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the statement of financial position date which require adjustments of or disclosure in the condensed interim financial statements or notes thereto.

18. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Manager on 8 Muharram 1443H (corresponding to 16 August 2021).