

SAIB SAUDI COMPANIES 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 Saudi Companies Fund

Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **SAIB Saudi Companies 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 Saudi Companies 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



SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2021
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	9	4,892,882	6,843,956
Dividend receivable		-	72,500
Investments	10	99,626,068	94,604,255
Total Assets		104,518,950	101,520,711
<u>LIABILITIES</u>			
Management fee payable	12, 13	166,764	80,246
Accrued expenses		48,365	93,003
Total Liabilities		215,129	173,249
Net assets (equity) attributable to the Unitholders		104,303,821	101,347,462
Units in issue (numbers)		467,986	619,731
Net assets (equity) attributable to each unit (SAR)		222.88	163.53

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

SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	For the six-month period ended 30 June	
<u>INCOME</u>		2021	2020
Dividend income		862,230	528,656
Gain / (loss) on investments, net	<i>11</i>	29,067,267	(2,003,431)
Total income / (loss)		29,929,497	(1,474,775)
<u>EXPENSES</u>			
Management fee	<i>12, 13</i>	(828,735)	(280,032)
Custody fee		(36,222)	(22,396)
Other expenses		(324,890)	(221,077)
Total expenses		(1,189,847)	(523,505)
Net income / (loss) for the period		28,739,650	(1,998,280)
Other comprehensive income for the period		--	--
 Total comprehensive income / (loss) for the period		28,739,650	(1,998,280)

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

SAIB SAUDI COMPANIES 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 Saudi Arabian Riyals)

	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	101,347,462	34,535,148
Total comprehensive income / (loss) for the period	28,739,650	(1,998,280)
Contributions and redemptions by the Unitholders:		
Proceed from issuance of units during the period	7,373,695	920,799
Payments on redemption of units during the period	(33,156,986)	(939,549)
Net redemptions by the Unitholders	(25,783,291)	(18,750)
Net assets (equity) attributable to the Unitholders at end of the period	104,303,821	32,518,118

UNITS TRANSACTIONS *(numbers)*

	For the six-month period ended 30 June	
	<u>2021</u>	<u>2020</u>
Units at the beginning of the period	619,731	255,484
Units issued during the period	40,052	6,972
Units redeemed during the period	(191,797)	(7,751)
Net decrease in units	(151,745)	(779)
Units at the end of the period	467,986	254,705

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SAIB SAUDI COMPANIES FUND
An open-ended mutual fund
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)
For the six-month period ended 30 June 2021
(Amounts in Saudi Arabian Riyals)

	For the six-month period ended 30 June	
<i>Notes</i>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (loss) for the period	28,739,650	(1,998,280)
<i>Adjustment for:</i>		
Dividend income	(862,230)	(528,656)
(Gain) / loss on investments, net	11 (29,067,267)	2,003,431
	(1,189,847)	(523,505)
Changes in operating assets and liabilities:		
Decrease in investments	24,045,454	466,737
Increase / (decrease) in management fee payable	86,518	(6,134)
Decrease in accrued expenses	(44,638)	(40,906)
Cash generated from / (used in) operations	22,897,487	(103,808)
Dividend received	934,730	504,906
Net cash generated from operating activities	23,832,217	401,098
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	7,373,695	920,799
Payments on redemptions of units	(33,156,986)	(939,549)
Net cash used in financing activities	(25,783,291)	(18,750)
Net (decrease) / increase in cash and cash equivalents	(1,951,074)	382,348
Cash and cash equivalents at beginning of the period	6,843,956	737,308
Cash and cash equivalents at the end of the period	4,892,882	1,119,656

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

SAIB SAUDI COMPANIES 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 Saudi Arabian Riyals)

1. GENERAL

SAIB Saudi Companies 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 23 April 2005.

The Fund is designed for investors seeking capital appreciation over the long-term, through exposure to publicly traded Shariah compliant Saudi equities and financial products. All income is reinvested in the Fund and is reflected in the net assets (equity) attributable to each unit.

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 Saudi Arabian Riyals (“SAR”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest SAR.

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For the six-month period ended 30 June 2021

(Amounts in Saudi Arabian Riyals)

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 Standard, 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

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For the six-month period ended 30 June 2021
(Amounts in Saudi Arabian Riyals)

8. NEW STANDARDS(CONTINUED)

<u>Standards / Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
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 or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption

9. CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Cash with custodian	<u>4,892,882</u>	<u>6,843,956</u>

10. INVESTMENTS

	30 June 2021	31 December 2020
Equity securities:		
Fair value through profit or loss	<u>99,626,068</u>	<u>94,604,255</u>

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

<u>Industry sector</u>	<u>30 June 2021</u>		<u>31 December 2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Financial services	24,597,726	33,500,346	29,782,673	30,706,402
Materials	25,321,449	33,231,176	28,316,270	29,186,443
Real estate	7,022,422	7,582,139	5,687,212	5,673,841
Health care	4,884,817	6,909,960	4,453,990	4,634,320
Consumer staples	5,308,118	5,446,183	6,768,508	6,841,938
Energy	4,277,581	4,303,554	4,628,029	4,624,970
Utilities	3,400,967	3,668,600	4,341,822	4,430,400
Communication services	2,640,980	2,789,010	3,160,517	3,179,250
Industrial	2,028,112	2,195,100	2,697,826	2,748,900
Consumer discretionary	-	-	2,269,876	2,577,791
	<u>79,482,172</u>	<u>99,626,068</u>	<u>92,106,723</u>	<u>94,604,255</u>

All investments are concentrated in the Kingdom of Saudi Arabia.

SAIB SAUDI COMPANIES FUND

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2021

(Amounts in Saudi Arabian Riyals)

11. GAIN / (LOSS) ON INVESTMENTS, NET

	For the six-month period ended 30 June	
	<u>2021</u>	<u>2020</u>
Realised gain / (loss), net	8,923,371	(1,471,497)
Unrealised gain / (loss), net	<u>20,143,896</u>	<u>(531,934)</u>
	<u>29,067,267</u>	<u>(2,003,431)</u>

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>	For the six-month period ended 30 June	
			<u>2021</u>	<u>2020</u>
Alistithmar Capital	The Fund Manager	Management fee	828,735	280,032
		Securities transaction costs	134,597	155,218
The Fund Board	The Fund Board	The Fund Board fee	3,273	3,282

Balances with related parties:

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balance</u>	30 June	31 December
			<u>2021</u>	<u>2020</u>
Alistithmar Capital	The Fund Manager	Management fee payable	166,764	80,246
		Accrued expenses <i>(Note 12)</i>	46,663	91,250

Units held with related parties (numbers):

<u>Related party</u>	<u>Nature of relationship</u>	30 June	31 December
		<u>2021</u>	<u>2020</u>
Alistithmar Capital	The Fund Manager	113,885	144,970

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2021

(Amounts in Saudi Arabian Riyals)

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.

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six-month period ended 30 June 2021

*(Amounts in Saudi Arabian Riyals)***14. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

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			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments	<u>99,626,068</u>	<u>--</u>	<u>--</u>	<u>99,626,068</u>
	31 December 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total
Investments	<u>94,604,255</u>	<u>--</u>	<u>--</u>	<u>94,604,255</u>

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.

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).