

**SNB CAPITAL AL MUSAHEM SAUDI 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**



## KPMG Professional Services

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Headquarters in Riyadh

## 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 AI Musahem Saudi Equity Fund

### Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of the **SNB Capital AI Musahem Saudi 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 AI Musahem Saudi 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

إبراهيم عبود باشن

Ebrahim Oboud Baeshen  
License No. 382

Date: 14 Muharram 1445 H  
Corresponding to: 1 August 2023



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

**SNB CAPITAL AL MUSAHEM SAUDI 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>	<b><i>30 June</i></b> <b><i>2023</i></b> <b>(Unaudited)</b>	<b><i>31 December</i></b> <b><i>2022</i></b> <b>(Audited)</b>
<b>ASSETS</b>			
Cash and cash equivalents	9	<b>31,602</b>	38,911
FVTPL investments	10	<b>721,286</b>	670,701
Other receivables		<b>8,359</b>	8
<b>Total assets</b>		<b><u>761,247</u></b>	<u>709,620</u>
<b>LIABILITIES</b>			
Other payables		<b><u>1,571</u></b>	<u>4,390</u>
<b>Net assets attributable to the Unitholders</b>		<b><u>759,676</u></b>	<u>705,230</u>
<b>Units in issue in thousand (number)</b>		<b><u>3,638</u></b>	<u>3,735</u>
<b>Net assets value per unit (SAR)</b>		<b><u>208.8169</u></b>	<u>188.8166</u>

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

**SNB CAPITAL AL MUSAHEM SAUDI 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>	<b>For the six-month period ended</b>	
		<b>30 June</b>	
		<u>2023</u>	<u>2022</u>
Unrealised gain / (loss) on FVTPL investments – net		<b>64,614</b>	(13,201)
Realised gain on FVTPL investments – net		<b>4,643</b>	83,292
Dividend income		<b>11,549</b>	6,376
<b>Total income</b>		<b>80,806</b>	76,467
Management fees	<i>11</i>	<b>(6,080)</b>	(7,207)
Value added tax expense		<b>(912)</b>	(1,081)
Administrative expenses		<b>(410)</b>	(452)
<b>Total operating expenses</b>		<b>(7,402)</b>	(8,740)
<b>Profit for the period</b>		<b>73,404</b>	67,727
<b>Other comprehensive income for the period</b>		--	-
<b>Total comprehensive income for the period</b>		<b>73,404</b>	67,727

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

**SNB CAPITAL AL MUSAHEM SAUDI 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)

	<b>For the six-month period ended 30 June</b>	
	<u>2023</u>	<u>2022</u>
<b>Net assets attributable to the Unitholders at the beginning of the period (Audited)</b>	<b>705,230</b>	714,205
Total comprehensive income for the period	<b>73,404</b>	67,727
<b>Decrease in net assets from unit transactions during the period</b>		
Proceeds from units issued	<b>1,159</b>	1,336
Value of units redeemed	<b>(20,117)</b>	(21,522)
	<b>(18,958)</b>	(20,186)
<b>Net assets attributable to the Unitholders at the end of the period (Unaudited)</b>	<b>759,676</b>	761,746

**UNITS TRANSACTIONS**

Transactions in units during the period are summarised as follows:

	<b>For the six-month period ended 30 June</b>	
	<u>2023</u>	<u>2022</u>
	-----Units' in 000-----	
<b>Units at the beginning of the period (Audited)</b>	<b>3,735</b>	3,888
Units issued	<b>6</b>	6
Units redeemed	<b>(103)</b>	(100)
<b>Net decrease in units during the period</b>	<b>(97)</b>	(94)
<b>Units at the end of the period (Unaudited)</b>	<b>3,638</b>	3,794

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

**SNB CAPITAL AL MUSAHEM SAUDI 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)

	Note	For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>			
Profit for the period		<b>73,404</b>	67,727
<i>Adjustments for:</i>			
Unrealised (gain) / loss on FVTPL investments – net		<b>(64,614)</b>	13,201
Realised gain on FVTPL investments – net		<b>(4,643)</b>	(83,292)
		<b>4,147</b>	(2,364)
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		<b>18,672</b>	63,765
Other receivables		<b>(8,351)</b>	(3,251)
Other payables		<b>(2,819)</b>	9,382
<b>Net cash generated from operating activities</b>		<b>11,649</b>	67,532
<b>Cash flows from financing activities</b>			
Proceeds from units issued		<b>1,159</b>	1,336
Value of units redeemed		<b>(20,117)</b>	(21,522)
<b>Net cash used in financing activities</b>		<b>(18,958)</b>	(20,186)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(7,309)</b>	47,346
Cash and cash equivalents at the beginning of the period	9	<b>38,911</b>	13,118
<b>Cash and cash equivalents at the end of the period</b>	9	<b>31,602</b>	60,464

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

**SNB CAPITAL AL MUSAHEM SAUDI 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)

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**1 THE FUND AND ITS ACTIVITIES**

SNB Capital Al Musahem Saudi Equity Fund (“the Fund”) is an open-ended public investment fund, 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 is established under article 31 of the Investment Fund Regulations (“the Regulations”) issued by the Capital Market Authority (“CMA”).

The objective of the Fund is to invest in the shares of companies listed on Tadawul. The Fund may invest in listed real estate investment traded funds up to 10% of the Fund's net assets.

The terms and conditions of the Fund were issued on 13 Dhul Qadah 1412 H (corresponding to 16 May 1992). The Fund commenced its activities on 23 Dhul Qadah 1412 H (corresponding to 16 May 1992).

**2. REGULATING AUTHORITY**

The Fund is governed by the Investment Funds Regulations (the “Regulations”) published by the CMA’s board Resolution no. (1-219-2006) dated on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended pursuant to the CMA’s Board Resolution no. (2-22-2021) dated on 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 issued by the CMA, the Fund’s terms and conditions.

The condensed interim financial statements do not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the 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.

**6. CHANGES IN THE FUND'S TERMS AND CONDITIONS**

During the period, there have been no changes in the terms and conditions of the Fund.

**SNB CAPITAL AL MUSAHEM SAUDI 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)

**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. New IFRS 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 covenant	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 MUSAHEM SAUDI 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**

This 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:

Industry Sector	30 June 2023 (Unaudited)		
	% of total investment (fair value)	Cost	Fair value
Banks*	38.43	208,380	277,211
Energy	15.19	91,965	109,569
Materials	14.06	111,414	101,411
Health Care Equipment & Services	7.70	42,559	55,574
Insurance	6.41	25,143	46,204
Utilities	5.48	26,339	39,505
Consumer Services	4.05	18,234	29,188
Food & Beverages	3.46	21,026	24,927
Retailing	2.61	12,051	18,910
Food & Staples Retailing	1.40	7,759	10,069
Transportation	1.21	6,036	8,718
	<u>100</u>	<u>570,906</u>	<u>721,286</u>

Industry Sector	31 December 2022 (Audited)		
	% of total investment (fair value)	Cost	Fair value
Banks*	46.56	233,612	312,288
Materials	17.32	126,576	116,132
Energy	11.09	81,507	74,395
Utilities	4.18	28,005	28,062
Insurance	3.96	25,143	26,567
Food & Staples Retailing	3.42	17,957	22,920
Consumer Services	3.09	18,234	20,751
Health Care Equipment & Services	3.07	14,264	20,568
Consumer Discretionary	2.65	12,051	17,802
Food & Beverages	2.45	15,667	16,419
Transportation	1.92	9,919	12,903
Software and Services	0.28	2,000	1,894
	<u>100</u>	<u>584,935</u>	<u>670,701</u>

\* Investment at FVTPL includes investment in the shares of the Saudi National Bank (a related party) amounting to SAR 71.5 million (2022: SAR 56.4 million).

**SNB CAPITAL AL MUSAHEM SAUDI 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)

**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 1.75% (2021:1.75%) per annum of the Fund's daily net assets 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 1.75% (2021: 1.75%) per annum of the Fund's net assets at the respective valuation days. These expenses have been 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.

Name of Related party	Nature of transactions	Amounts of transactions during the period ended		Net payable balance as at	
		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
SNB Capital Company	Management fees	6,080	7,207	1,539	3,500
	Expenses paid on behalf of the fund	1,322	1,533		

Dividend income of the Fund includes dividend income amounting to SAR 0.87 million (2022: 0.94 million) received from the Saudi National Bank.

**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.

**SNB CAPITAL AL MUSAHEM SAUDI 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)

**12. FAIR VALUE MEASUREMENT (CONTINUED)**

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 assets and financial liabilities as at 31 December, 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

	<b>As at 30 June 2023</b>				
	<b>Carrying amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><i>Financial assets measured at fair value</i></b>					
FVTPL Investments	<b>721,286</b>	<b>721,286</b>	--	--	<b>721,286</b>
	<b>As at 31 December 2022</b>				
	<b>Carrying amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><i>Financial assets measured at fair value</i></b>					
FVTPL Investments	<b>670,701</b>	<b>670,701</b>	--	--	<b>670,701</b>

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, while the remaining financial assets and liabilities are classified as level 3. During the year, there has been no transfer in fair value hierarchy. For other financial assets and liabilities, 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 nature.

**SNB CAPITAL AL MUSAHEM SAUDI 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)

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**12. 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 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.