

**Saudi Equity Fund**  
(Managed by Alawwal Invest Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
(UNAUDITED)

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**



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**INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF SAUDI EQUITY FUND  
(Managed by Alawwal Invest Company)**

**Introduction:**

We have reviewed the accompanying interim condensed statement of financial position of Saudi Equity Fund (the "Fund") managed by Alawwal Invest Company (the "Fund Manager") as at 30 June 2020 and the related interim condensed statements of comprehensive income, cash flows and changes in equity for the six-month period ended 30 June 2020, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review:**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Yousef A. AlMubarak  
Certified Public Accountant  
License No. 427

Riyadh: 23 Thul-Hijjah 1441H  
(13 August 2020)



## Saudi Equity Fund (Managed by Alawwal Invest Company)

### INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	<i>Note</i>	<b>30 June 2020</b> SR	31 December 2019 SR
<b>ASSETS</b>			
Cash and cash equivalents		<b>3,319,647</b>	255,527
Investments at fair value through profit or loss	4	<b>24,408,877</b>	33,800,772
Receivables and advances		<b>14,226</b>	11,680
<b>TOTAL ASSETS</b>		<b>27,742,750</b>	34,067,979
<b>LIABILITY</b>			
Accrued expenses		<b>44,182</b>	73,072
<b>EQUITY</b>			
Net assets attributable to the redeemable unitholders		<b>27,698,568</b>	33,994,907
<b>TOTAL LIABILITY AND EQUITY</b>		<b>27,742,750</b>	34,067,979
Units in issue		<b>3,900,320</b>	4,230,539
Net assets value attributable to each unit		<b>7.1016</b>	8.0356

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

## Saudi Equity Fund (Managed by Alawwal Invest Company)

### INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2020

	<i>Notes</i>	<b>2020</b> <b>SR</b>	<b>2019</b> <b>SR</b>
<b>INCOME</b>			
Net (loss) gain from investments at fair value through profit or loss	5	<b>(4,304,883)</b>	6,197,522
Dividend income		<b>569,713</b>	1,263,261
		<b>(3,735,170)</b>	7,460,783
<b>EXPENSES</b>			
Management fees	8	<b>(280,305)</b>	(525,263)
Other expenses	7,8	<b>(73,930)</b>	(103,725)
<b>TOTAL EXPENSES</b>		<b>(354,235)</b>	(628,988)
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(4,089,405)</b>	6,831,795
Other comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>		<b>(4,089,405)</b>	6,831,795

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

## Saudi Equity Fund (Managed by Alawwal Invest Company)

### INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
<b>OPERATING ACTIVITIES</b>		
(Loss) profit for the period	<b>(4,089,405)</b>	6,831,795
Adjustments to reconcile profit for the period to net cash flows:		
Unrealized loss (gain) on investments at fair value through profit or loss	<b>3,030,677</b>	(5,767,785)
	<b>(1,058,728)</b>	1,064,010
Working capital adjustments:		
Decrease in investments at fair value through profit or loss	<b>6,361,218</b>	5,222,008
(Increase) Decrease in receivables and advances	<b>(2,546)</b>	4,150
Decrease in accrued expenses	<b>(28,890)</b>	(118,481)
Net cash flows from operating activities	<b>5,271,054</b>	6,171,687
<b>FINANCING ACTIVITIES</b>		
Payment on redemption of units	<b>(2,206,934)</b>	(16,669,813)
Net cash flows used in financing activities	<b>(2,206,934)</b>	(16,669,813)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,064,120</b>	(10,498,126)
Cash and cash equivalents at the beginning of the period	<b>255,527</b>	11,099,483
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3,319,647</b>	601,357

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

## Saudi Equity Fund (Managed by Alawwal Invest Company)

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
<b>EQUITY AT THE BEGINNING OF THE PERIOD</b>	<b>33,994,907</b>	53,348,258
(Loss) profit for the period	<b>(4,089,405)</b>	6,831,795
Other comprehensive income for the period	-	-
Total comprehensive (loss) income for the period	<b>(4,089,405)</b>	6,831,795
Redemptions of units during the period	<b>(2,206,934)</b>	(16,669,813)
<b>NET ASSETS ATTRIBUTABLE TO THE REDEEMABLE UNITHOLDERS AT THE END OF THE PERIOD</b>	<b>27,698,568</b>	43,510,240

#### UNIT TRANSACTIONS

Transactions in units for the period ended 30 June are summarised as follows:

	2020 Units	2019 Units
<b>UNITS AT THE BEGINNING OF THE PERIOD</b>	<b>4,230,539</b>	7,291,919
Units redeemed during the period	<b>(330,219)</b>	(2,106,123)
<b>NET DECREASE IN UNITS</b>	<b>(330,219)</b>	(2,106,123)
<b>UNITS AT THE END OF THE PERIOD</b>	<b>3,900,320</b>	5,185,796

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

# Saudi Equity Fund (Managed by Alawwal Invest Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

### 1. GENERAL

Saudi Equity Fund (the “Fund”) is an open-ended fund domiciled in Kingdom of Saudi Arabia, created by an agreement between Alawwal Invest Company (the “Fund Manager”), a subsidiary of The Saudi British Bank (formerly a subsidiary of Alawwal Bank) (the “Bank”) and investors in the Fund (the “Unitholders”).

The Fund’s Manager registered office is at P.O. Box 1467, Riyadh 11431, Kingdom of Saudi Arabia.

Saudi Equity Fund	
Commencement Date	30 November 2005
Latest Governing Terms and Condition Date	7 November 2019
Latest Governing Information Memorandum Date	7 November 2019
Category	Conventional
Objective	Long-term capital appreciation
Allowed Investment Channels	Saudi equity markets
	Money Market funds

The Fund has appointed Riyadh Capital Company (the “Custodian”) to act as its custodian and registrar. The fees of the custodian and registrar’s services are paid by the Fund.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

### 2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further amended on 16 Sha’aban 1437H (corresponding to 23 May 2016) (the “Amended Regulations”). The Fund Manager believes that the Amended Regulations was effective since 6 Safar 1438H (corresponding to 6 November 2016).

### 3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

#### 3.1 Basis of preparation

These interim condensed financial statements for the six-month period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in Kingdom of Saudi Arabia.

The interim condensed 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 financial statements as at 31 December 2019.

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for investments held at fair value through profit or loss that are measured at fair value. These interim condensed financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Fund’s functional currency.

#### 3.2 New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2019.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s interim condensed financial statements. In the opinion of the Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

## Saudi Equity Fund (Managed by Alawwal Invest Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the six-month period ended 30 June 2020

#### 4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments comprise the following sector exposures as at interim condensed statement of financial position date:

	30 June 2020				31 December 2019			
	% of market Value	Cost SR	Market value SR	Unrealized gain (loss) SR	% of market Value	Cost SR	Market value SR	Unrealized gain (loss) SR
<b>Equities</b>								
Banks	46.54	11,995,603	11,359,025	(636,578)	46.61	13,189,716	15,754,328	2,564,612
Materials	15.02	4,328,622	3,666,891	(661,731)	20.38	7,464,463	6,889,007	(575,456)
Telecommunication Services	10.41	2,111,452	2,539,800	428,348	9.06	2,529,838	3,063,098	533,260
Health Care Equipment & Svc	6.53	1,167,600	1,596,029	428,429	0.58	239,800	198,338	(41,462)
Food & Beverages	6.02	1,214,376	1,470,177	255,801	2.70	845,425	912,714	67,289
Energy	5.39	1,475,664	1,315,875	(159,789)	9.23	3,293,600	3,119,013	(174,587)
Retailing	3.25	793,127	792,820	(307)	4.08	1,228,421	1,378,416	149,995
Consumer Services	2.47	419,868	603,015	183,147	3.70	881,003	1,250,410	369,407
Food & Staples Retailing	1.50	230,085	365,586	135,501	1.03	300,448	348,005	47,557
Utilities	1.03	293,691	250,701	(42,990)	0.96	293,691	324,531	30,840
Insurance	1.00	189,695	244,608	54,913	1.07	298,092	360,448	62,356
Transportation	0.84	248,416	204,350	(44,066)	-	-	-	-
Capital goods	-	-	-	-	0.60	264,920	202,464	(62,456)
	<b>100</b>	<b>24,468,199</b>	<b>24,408,877</b>	<b>(59,322)</b>	<b>100</b>	<b>30,829,417</b>	<b>33,800,772</b>	<b>2,971,355</b>

All the investments of this Fund are made in Kingdom of Saudi Arabia.



## Saudi Equity Fund (Managed by Alawwal Invest Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the six-month period ended 30 June 2020

#### 5. NET GAIN (LOSS) FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>For the six-month period ended 30 June</i>	
	<b>2020</b>	<b>2019</b>
	<b>SR</b>	<b>SR</b>
Realised (loss) gain	<b>(1,274,206)</b>	429,737
Unrealised (loss) gain	<b>(3,030,677)</b>	5,767,785
	<b><u>(4,304,883)</u></b>	<b><u>6,197,522</u></b>

#### 6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 1 of the fair value hierarchy. Management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior period.

#### 7. OTHER EXPENSES

	<i>For the six-month period ended 30 June</i>	
	<b>2020</b>	<b>2019</b>
	<b>SR</b>	<b>SR</b>
Audit fees	<b>19,945</b>	17,356
Value added tax	<b>16,348</b>	28,350
Custody fees	<b>12,000</b>	12,000
Benchmark fees	<b>7,947</b>	7,439
Brokerage	<b>7,184</b>	29,909
Board member fees	<b>4,273</b>	2,471
CMA monitoring fees	<b>3,740</b>	3,720
Tadawul fees	<b>2,493</b>	2,480
	<b><u>73,930</u></b>	<b><u>103,725</u></b>

#### 8. TRANSACTIONS WITH RELATED PARTIES

##### *Management fee and other transactions*

The Fund is managed and administered by the Fund Manager. For this service the Fund pays a management fee calculated on every valuation day, at an annual rate of 1.95 % of the Fund's daily net assets. In addition, the Fund Manager charges a subscription fee of 1.5 % on gross subscriptions to cover administration costs and a redemption fee of 0.5% on redemptions within a month of subscribing, which is reinvested in the Fund. Total management fees for the period amounted to SR 280,305 (30 June 2019: SR 525,263), the management fees payable at the period-end were SR 2,162 (31 December 2019: Nil).

Other expenses paid by the Fund Manager on behalf of the Fund are charged to the Fund.

## Saudi Equity Fund (Managed by Alawwal Invest Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the six-month period ended 30 June 2020

#### 8. TRANSACTIONS WITH RELATED PARTIES (Continued)

##### *Board of directors*

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent director's fees are currently SR 3,000 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board, in addition, SR 2,000 are paid to each independent director by the Fund per annum. The directors total remuneration during the period amounted to SR 4,273 (2019: SR 2,471), the fees payable to directors at the period-end were SR 4,273 (31 December 2019: SR 8,571).

##### *Units held by related parties*

The balances as at period end resulting from such transactions included in the interim condensed financial statements are as follows:

<i>Related party and nature of relationship</i>	<i>Nature of transaction</i>	<i>30 June 2020 Units</i>	<i>31 December 2019 Units</i>
Employees of the Bank	Units held	<b>628</b>	628
		<b>628</b>	628

#### 9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

<i>As at 30 June 2020</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Cash and cash equivalents	<b>3,319,647</b>	-	<b>3,319,647</b>
Investments at fair value through profit or loss	<b>24,408,877</b>	-	<b>24,408,877</b>
Receivables and advances	<b>14,226</b>	-	<b>14,226</b>
<b>TOTAL ASSETS</b>	<b>27,742,750</b>	-	<b>27,742,750</b>
<b>LIABILITY</b>			
Accrued expenses	<b>44,182</b>	-	<b>44,182</b>
<b>TOTAL LIABILITY</b>	<b>44,182</b>	-	<b>44,182</b>

## Saudi Equity Fund (Managed by Alawwal Invest Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

For the six-month period ended 30 June 2020

#### 9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

<i>As at 31 December 2019</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Cash and cash equivalents	255,527	-	255,527
Investments at fair value through profit or loss	33,800,772	-	33,800,772
Receivables and advances	11,680	-	11,680
<b>TOTAL ASSETS</b>	<b>34,067,979</b>	<b>-</b>	<b>34,067,979</b>
<b>LIABILITY</b>			
Accrued expenses	73,072	-	73,072
<b>TOTAL LIABILITY</b>	<b>73,072</b>	<b>-</b>	<b>73,072</b>

#### 10. VALUATION PERIOD

The last valuation day of the period was 30 June 2020 (2019: 31 December 2019).

#### 11. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The outbreak of the newly emerging Corona Virus (COVID-19) is still evolving and increasing. Therefore, it is now difficult to predict the magnitude and full extent of the resulting impact on business and the Fund.

It is still not certain what size and extent of these impacts will be determined, depending on future developments that cannot be accurately predicted at the present time, such as the rate of virus transmission and the size and effectiveness of measures taken to contain it. In light of the current uncertainty of the economic impact, it is not possible to make a reliable estimate of the resulting impact at the date of these financial statements being approved.

These developments may affect the future financial results, cash flows and the financial position of the Fund.

#### 12. SUBSEQUENT EVENTS

In the opinion of management, no events have occurred subsequent to the reporting date and before the issuance of these interim condensed financial statements which requires adjustment to, or disclosure, in these interim condensed financial statements.

#### 13. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements are approved by the Fund Board on 23 Thul-Hijjah 1441H (13 August 2020).