

**GCC Equity Fund**  
**Open-Ended Fund**  
**(Managed by Alawwal Invest Company)**  
**Interim Condensed Financial Statements (Unaudited)**  
**For the six-month period ended 30 June 2021**  
**Together with the**  
**Independent Auditor's Review Report to the Unitholders**

**GCC Equity Fund**  
**Open-Ended Fund**  
**(Managed by Alawwal Invest Company)**

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**INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)**  
**For the six-month period ended 30 June 2021**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE UNITHOLDERS OF  
GCC Equity Fund  
(Managed by Alawwal Invest Company)**

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of GCC Equity Fund (the "Fund") managed by Alawwal Invest Company (the "Fund Manager") as at 30 June 2021 and the related interim statements of comprehensive income / (loss), changes in net assets (Equity) attributable to the unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). 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") that is 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 Engagement 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 condensed 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 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.

**Ibrahim Ahmed Al-Bassam**  
Certified Public Accountant  
License No. 317

**10 Muharram 1443H  
18 August 2021G  
Riyadh, Kingdom of Saudi Arabia**



**GCC Equity Fund**  
**Open-Ended Fund**  
(Managed by Alawwal Invest Company)

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

(Amounts in Saudi Arabian Riyals)

	<u>Note</u>	<b>30 June 2021</b> <b>(Un-audited)</b>	<b>31 December 2020</b> <b>(Audited)</b>
<b><u>ASSETS</u></b>			
Bank balances		797,798	216,167
Investments designated at fair value through profit or loss (FVPL)	6	9,308,051	8,231,393
Dividend receivable		7,512	1,712
<b>TOTAL ASSETS</b>		<b>10,113,361</b>	<b>8,449,272</b>
<b><u>LIABILITIES</u></b>			
Accrued expenses and other liabilities		<b>30,129</b>	61,520
<b>TOTAL LIABILITIES</b>		<b>30,129</b>	61,520
<b>NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS</b>		<b>10,083,232</b>	<b>8,387,752</b>
<b>Units in issue (in numbers)</b>		<b>554,920</b>	<b>569,918</b>
<b>Net Asset (Equity) Value per unit</b>		<b>18.17</b>	<b>14.72</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**GCC Equity Fund****Open-Ended Fund**

(Managed by Alawwal Invest Company)

**INTERIM STATEMENT OF COMPREHENSIVE INCOME / (LOSS) (UN-AUDITED)****For the six-month period ended 30 June 2021****(Amounts in Saudi Arabian Riyals)**

	<u>Note</u>	<u>30 June 2021</u>	<u>30 June 2020</u>
<b><u>Income</u></b>			
Net gain / (loss) from investments designated at FVPL	7	<b>1,997,119</b>	(1,461,975)
Dividend income		<b>108,791</b>	206,404
		<b>2,105,910</b>	(1,255,571)
<b><u>Expenses</u></b>			
Management fees	9	<b>(89,924)</b>	(91,835)
Other expenses	8	<b>(59,708)</b>	(59,025)
		<b>(149,632)</b>	(150,860)
<b>Net income / (loss) for the period</b>		<b>1,956,278</b>	(1,406,431)
Other comprehensive income for the period		-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>1,956,278</b>	(1,406,431)

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**GCC Equity Fund**  
**Open-Ended Fund**  
(Managed by Alawwal Invest Company)

**INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS (UN-AUDITED)**

**For the six-month period ended 30 June 2021**

**(Amounts in Saudi Arabian Riyals)**

	<u>30 June 2021</u>	<u>30 June 2020</u>
<b>Net assets (Equity) attributable to the Unitholders at beginning of the period</b>	<b>8,387,752</b>	10,900,062
<b>Total comprehensive income / (loss) for the period</b>	<b>1,956,278</b>	(1,406,431)
<b>Changes from unit transactions</b>		
Issuance of units	-	-
Redemption of units	<u>(260,798)</u>	<u>(42,891)</u>
Net changes from unit transactions	<u>(260,798)</u>	<u>(42,891)</u>
<b>Net assets (Equity) attributable to the Unitholders at end of the period</b>	<b><u>10,083,232</u></b>	<b><u>9,450,740</u></b>

**UNIT TRANSACTIONS**

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

	<u>30 June 2021</u> <u>Units</u>	<u>30 June 2020</u> <u>Units</u>
<b>Units at the beginning of the period</b>	<b>569,918</b>	744,612
Issuance of units	-	-
Redemption of units	<u>(14,998)</u>	<u>(3,003)</u>
<b>Net decrease in unit transactions</b>	<b><u>(14,998)</u></b>	<b><u>(3,003)</u></b>
<b>Units at end of the period</b>	<b><u>554,920</u></b>	<b><u>741,609</u></b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**GCC Equity Fund**  
**Open-Ended Fund**  
(Managed by Alawwal Invest Company)

**INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**For the six-month period ended 30 June 2021**  
**(Amounts in Saudi Arabian Riyals)**

	<u>Note</u>	<u>30 June 2021</u>	<u>30 June 2020</u>
<b><u>Cash flows from operating activities:</u></b>			
Net income / (loss) for the period		1,956,278	(1,406,431)
Adjustments for:			
Unrealized (gain) / loss from investments designated at FVPL	7	<u>(1,836,615)</u>	849,499
		<b>119,663</b>	<u>(556,932)</u>
<b><u>Net changes in operating assets and liabilities:</u></b>			
Decrease in investments designated at FVPL		759,957	1,007,304
Increase in dividend receivable		(7,512)	-
Increase in receivables and advances		1,712	(293)
Decrease in accrued expenses and other liabilities		<u>(31,391)</u>	<u>(30,110)</u>
Net cash generated from operating activities		<b>842,429</b>	419,969
<b><u>Cash flows from financing activities:</u></b>			
Redemption of units		<u>(260,798)</u>	<u>(42,891)</u>
Net cash used in financing activities		<b>(260,798)</b>	<u>(42,891)</u>
<b>Net change in cash and cash equivalents</b>		<b>581,631</b>	377,078
Cash and cash equivalents at beginning of the period		<u>216,167</u>	1,131,897
<b>Cash and cash equivalents at end of the period</b>		<b><u>797,798</u></b>	<u>1,508,975</u>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

## **GCC Equity Fund**

### **Open-Ended Fund**

(Managed by Alawwal Invest Company)

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2021**

**(Amounts in Saudi Arabian Riyals)**

### **1 INCORPORATION AND PRINCIPAL ACTIVITIES**

GCC 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 Riyal Money Market Fund	
Commencement Date	30 November 2005
Latest Governing Terms and Condition Date	02 February 2021
Latest Governing Information Memorandum Date	02 February 2021
Category	Conventional
Objective	Long term capital appreciation
Allowed Investment Channels	GCC equity markets
	Money market funds

The Fund has appointed Riyadh Capital (the “Custodian”) to act as its custodian, administrator and registrar. The fees of the custodian and administrator’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 12 07 (Rajab) 1442H (corresponding to 22 February 2021) (the “Amended Regulations”). The Fund Manager believes that the Amended Regulations was effective since 19 09 (Ramadan) 1442H (corresponding to 01 May 2021).

### **3 BASIS OF PREPARATION**

#### **3.1. Statement of compliance**

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

Assets and liabilities in the interim statement of financial position are presented in the order of liquidity.

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 2020. The results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

#### **3.2. Basis of measurement**

These interim condensed financial statements have been prepared under the historical cost convention, using the accrual basis of accounting except for investments carried at fair value through profit or loss which are carried at their fair value. The Fund presents its interim statement of financial position in the order of liquidity.

#### **3.3. Functional and presentation currency**

Items included in these interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in Saudi Arabian Riyals (SR) which is the Fund’s functional and presentation currency.



**GCC Equity Fund****Open-Ended Fund**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six-month period ended 30 June 2021

(Amounts in Saudi Arabian Riyals)

**3 BASIS OF PREPARATION (Continued)****3.3. Functional and presentation currency (Continued)***Transactions and balances*

Foreign currency transactions are translated into SR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SR using the exchange rates prevailing at date of the interim statement of financial position. Foreign exchange gains and losses arising from translation are included in the interim statement of comprehensive income / (loss).

**3.4. Critical accounting judgments, estimates and assumptions**

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

**3.5. Going concern**

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2020. Certain new standards, amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Fund.

There are several other 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 Fund's 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.

**5. MANAGEMENT FEE, AND OTHER CHARGES**

Fund management fees are recognized on an accrual basis and charged to the interim statement of comprehensive income / (loss) at rates agreed with the Fund Manager and as stated in the terms and conditions of the Fund.

**GCC Equity Fund****Open-Ended Fund**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six-month period ended 30 June 2021

(Amounts in Saudi Arabian Riyals)

**6. INVESTMENT DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)**

As at the interim statement of financial position date, investments designated at FVPL comprise of the following sectors:

Industry sector	30 June 2021 (Unaudited)(Unaudited)		
	Cost	Fair Value	%
Banks	2,014,847	3,282,218	35.26
Material	1,386,169	1,752,270	18.83
Telecommunication	461,379	667,496	7.17
Energy	396,826	410,333	4.41
Health care	196,744	305,528	3.28
Retailing	117,784	218,810	2.35
Utilities	116,262	159,324	1.71
Food and beverages	92,186	102,645	1.10
Consumer services	76,475	83,260	0.89
Transportation	70,279	94,527	1.02
Capital Good	62,640	77,280	0.83
Insurance	965	1,366	0.01
Others	2,025,986	2,152,994	23.13
<b>Total</b>	<b>7,018,542</b>	<b>9,308,051</b>	<b>100</b>

Industry sector	31 December 2020 (Audited)		
	Cost	Fair value	%
Banks	2,578,993	2,671,100	32.45
Materials	975,108	1,042,299	12.66
Energy	365,942	390,443	4.74
Telecommunication Services	645,426	758,940	9.22
Consumer services	196,829	290,637	3.53
Retailing	217,403	285,762	3.47
Health Care Equipment and Svc	251,107	296,004	3.60
Food and beverages	193,886	216,383	2.63
Utilities	116,261	140,580	1.71
Insurance	81,564	113,646	1.38
Food and Staples Retailing	78,126	132,010	1.60
Transportation	51,870	53,200	0.65
Others	2,025,984	1,840,389	22.36
<b>Total</b>	<b>7,778,499</b>	<b>8,231,393</b>	<b>100.00</b>

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

Industry sector	30 June 2021 (Unaudited)		
	Cost	Fair value	%
<i>Equities</i>			
Kingdom of Saudi Arabia	4,992,558	7,155,056	81.65
United Arab Emirates	1,077,264	1,174,935	12.63
State of Kuwait	948,720	978,060	5.72
<b>Total</b>	<b>7,018,542</b>	<b>9,308,051</b>	<b>100.00</b>

**GCC Equity Fund****Open-Ended Fund**

(Managed by Alawwal Invest Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six-month period ended 30 June 2021

(Amounts in Saudi Arabian Riyals)

**6 INVESTMENT DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)  
(CONTINUED)**

Industry sector	31 December 2020 (Audited)		
	Cost	Fair value	%
<i>Equities</i>			
Kingdom of Saudi Arabia	5,752,515	6,391,004	77.64
United Arab Emirates	1,077,264	934,250	11.35
State of Kuwait	948,720	906,139	11.01
<b>Total</b>	<b>7,778,499</b>	<b>8,231,393</b>	<b>100.00</b>

**7. NET GAIN / (LOSS) FROM INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT  
OR LOSS (FVPL)**

	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
	SR	SR
Realized gain / (loss)	160,504	(612,476)
Unrealized gain / (loss)	1,836,615	(849,499)
	<b>1,997,119</b>	<b>(1,461,975)</b>

**8. OTHER EXPENSES**

	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
	SR	SR
Standard & Poor's benchmarking fee	7,902	7,946
Custody fee	12,000	12,000
Value Added Tax	17,148	6,925
Audit fees	9,917	19,945
Board members' fees (note 9)	4,250	4,273
CMA monitoring fee	3,720	3,740
Brokerage fee	2,291	1,702
Tadawul fees	2,480	2,494
	<b>59,708</b>	<b>59,025</b>

**9. 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 89,924 (30 June 2020: SR 91,835).

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

**GCC Equity Fund****Open-Ended Fund**

(Managed by Alawwal Invest Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****For the six-month period ended 30 June 2021****(Amounts in Saudi Arabian Riyals)****9. 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 director's total remuneration during the period amounted to SR 4,250 (2020: SR 4,273) while the fees payable to directors at the period-end were SR 4,250 (31 December 2020: SR 8,571).

*Units held by related parties*

Related party and nature of relationship	Nature of transactions	30 June 2021	31 December 2020
		(Un-audited)	(Audited)
		Units	Units
Employees of the Bank	Units held	500	500

**10. 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:

	30 June 2021 (Un-audited)		
	Within 12 months SR	After 12 months SR	Total SR
Bank balances	797,798	-	797,798
Investments designated at FVPL	9,308,051	-	9,308,051
Dividend receivable	7,512	-	7,512
<b>TOTAL ASSETS</b>	<b>10,113,361</b>	<b>-</b>	<b>10,113,361</b>
Accrued expenses and other liabilities	30,129	-	30,129
<b>TOTAL LIABILITIES</b>	<b>30,129</b>	<b>-</b>	<b>30,129</b>
	31 December 2020 (Audited)		
	Within 12 months SR	After 12 months SR	Total SR
Bank balances	216,167	-	216,167
Investments designated at FVPL	8,231,393	-	8,231,393
Receivables and advances	1,712	-	1,712
<b>TOTAL ASSETS</b>	<b>8,449,272</b>	<b>-</b>	<b>8,449,272</b>
Accrued expenses and other liabilities	61,520	-	61,520
<b>TOTAL LIABILITIES</b>	<b>61,520</b>	<b>-</b>	<b>61,520</b>

**GCC Equity Fund**

**Open-Ended Fund**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2021**

**(Amounts in Saudi Arabian Riyals)**

**11. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENT**

The outbreak of the newly emerging Corona Virus (COVID-19) is still evolving and increasing. Therefore, it is yet 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 interim condensed 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. LAST VALUATION DAY**

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

**14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were approved and authorized for issue by the Fund's Board on 09 Muharram 1443H corresponding to 17 August 2021G.