

**GCC Equity Fund
Open-Ended Fund
(Managed by SAB Invest (previously known as Alawwal Invest Company))
Interim Condensed Financial Statements (Unaudited)
For the six-month period ended 30 June 2023
Together with the
Independent Auditor's Review Report to the Unitholders**

GCC Equity Fund
Open-Ended Fund
(Managed by SAB Invest (previously known as Alawwal Invest Company))

INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
For the six-month period ended 30 June 2023

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**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**

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

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TO THE UNITHOLDERS OF GCC EQUITY FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of **GCC EQUITY FUND** (the "Fund") as at 30 June 2023 and the related interim statement of comprehensive income for the six-month period then ended, and the interim statements of changes in net assets 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.

Ahmed A. Mohandis
Certified Public Accountant
License No. 477

Riyadh: 21 Muharram 1445H
Corresponding to: 8 August 2023

**RIYADH**

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 11557

GCC Equity Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

(Amounts in Saudi Arabian Riyals)

	Note	30 June 2023 (Un-audited)	31 December 2022 (Audited)
<u>ASSETS</u>			
Bank balances		396,110	830,898
Investments designated at fair value through profit or loss (FVTPL)	6	12,609,178	9,748,244
Receivables and advances		4,189	264,829
TOTAL ASSETS		13,009,477	10,843,971
<u>LIABILITIES</u>			
Accrued expenses and other liabilities		52,733	74,823
TOTAL LIABILITIES		52,733	74,823
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		12,956,744	10,769,148
Units in issue (in numbers)		540,916	550,915
Net Asset (Equity) Value per unit		23.95	19.91

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

GCC Equity Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

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

	<u>Note</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
<u>Income</u>			
Net gain from investments designated at FVTPL	7	2,172,966	398,781
Dividend income		<u>262,158</u>	<u>90,434</u>
		2,435,124	489,215
<u>Expenses</u>			
Management fees	9	(111,085)	(120,409)
Other expenses	8	<u>(136,443)</u>	<u>(66,986)</u>
		(247,528)	(187,395)
Net income for the period		<u>2,187,596</u>	301,820
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>2,187,596</u>	<u>301,820</u>

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

GCC Equity Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as 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****(Amounts in Saudi Arabian Riyals)**

	30 June 2023	30 June 2022
Net assets (Equity) attributable to the Unitholders at beginning of the period	10,769,148	11,196,399
Total comprehensive income for the period	2,187,596	301,820
Net assets (Equity) attributable to the Unitholders before changes in unit transactions	12,956,744	11,498,219
Issuance of units	-	-
Redemption of units	-	(107,672)
Net changes from unit transactions	-	(107,672)
Net assets (Equity) attributable to the Unitholders at end of the period	12,956,744	11,390,547

UNIT TRANSACTIONS

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

	30 June 2023	30 June 2022
	Units	Units
Units at the beginning of the period	540,916	550,413
Issuance of units	-	-
Redemption of units	-	(4,498)
Net decrease in unit transactions	540,916	(4,498)
Units at end of the period	540,916	545,915

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

GCC Equity Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

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

	<u>Note</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
<u>Cash flows from operating activities:</u>			
Net income for the period		2,187,596	301,820
Adjustments for:			
Unrealized (gain) / loss from investments designated at FVTPL	7	(1,438,707)	1,253,713
(Increase) / Decrease in Investments designated at FVTPL		(1,422,238)	220,367
Dividend receivable		(262,158)	(3,000)
(Increase) / decrease in receivables and advances		5,061	(78,352)
(Decrease) / Increase in Accrued expenses and other liabilities		(22,090)	(30,156)
Sold Proceed Receivables		255,579	-
Net cash generated from operating activities		(696,946)	1,664,392
<u>Cash flows from financing activity:</u>			
Redemption of units		-	(107,672)
Dividend received		262,158	
Net cash used in financing activity		262,158	(107,672)
Net change in cash and cash equivalents		(434,788)	1,556,720
Cash and cash equivalents at beginning of the period		830,898	1,301,251
Cash and cash equivalents at end of the period		396,110	2,857,971

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

GCC Equity Fund

Open-Ended Fund

(Managed by SAB Invest (previously known as Alawwal Invest Company))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(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 SAB Invest (the “Fund Manager”), a subsidiary of The Saudi Al-Awal Bank (formerly a subsidiary of the Saudi British 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.

GCC Equity Fund	
Commencement Date	30 November 2005
Latest Governing Terms and Condition Date	28 February 2022
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. The fees of the custodian 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 Chartered & Professional 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 2022. The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 (SAR) which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR 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.

GCC Equity Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-month period ended 30 June 2023****(Amounts in Saudi Arabian Riyals)****3 BASIS OF PREPARATION (CONTINUED)****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 2022. Certain new standards, amendments and interpretations apply for the first time in 2023, 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 at rates agreed with the Fund Manager and as stated in the terms and conditions of the Fund.

GCC Equity Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(Amounts in Saudi Arabian Riyals)

6 INVESTMENT DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

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

Industry sector	30 June 2023 (Un-audited)			
	Fair Value	Cost	Unrealized Gain/Loss	%
Banks	1,095,802	1,033,856	61,946	8.69
Food & Staples Retailing	1,085,053	933,738	151,315	8.61
Capital Goods	1,028,207	727,211	300,996	8.15
Consumer Services	914,096	708,760	205,336	7.25
Building & Construction Sector	711,752	525,260	186,492	5.64
Transportation	569,657	369,727	199,930	4.52
Software & Services	474,923	272,545	202,378	3.77
Utilities	472,446	335,938	136,508	3.75
Food & Beverages	468,785	353,513	115,272	3.72
Telecommunication Services	447,769	392,695	55,074	3.55
Transport Sector	446,578	406,976	39,602	3.54
Health Care Equipment & Svc	404,704	308,178	96,526	3.21
Retailing	398,415	406,885	(8,470)	3.16
Pharmaceuticals	292,039	195,780	96,259	2.32
Commercial & Professional Svc	271,601	235,885	35,716	2.15
Shares:				
UAE	1,371,993	1,233,325	138,668	10.88
Kuwait	1,014,256	894,176	120,080	8.04
Qatar	721,339	761,481	(40,142)	5.72
Oman	239,637	259,291	(19,654)	1.90
Bahrain	180,126	165,446	14,680	1.43
Total	12,609,178	10,520,666	2,088,512	100.00

Industry sector	31 December 2022 (Audited)			
	Fair Value	Cost	Unrealized Gain/Loss	%
Banks	3,996,288	3,183,235	813,053	40.99
Food and Staples Retailing	731,077	701,532	29,545	7.50
Health care equipment and services	634,515	594,364	40,151	6.51
Materials	584,783	552,833	31,950	6.00
Utilities	251,478	238,588	12,890	2.58
Transport Sector	228,459	230,501	(2,042)	2.34
Building & Construction Sector	218,066	231,146	(13,080)	2.24
Telecommunication Services	213,907	196,203	17,704	2.19
Energy & Utility Sector	197,898	213,588	(15,690)	2.03
Energy	184,307	165,602	18,705	1.89
Retailing	165,748	176,516	(10,768)	1.70
UAE	1,250,455	1,293,558	(43,103)	12.83
Kuwait	528,686	725,470	(196,784)	5.42
Qatar	562,577	595,303	(32,726)	5.77
Total	9,748,244	9,098,439	649,805	100.00

GCC Equity Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-month period ended 30 June 2023****(Amounts in Saudi Arabian Riyals)****7 NET GAIN FROM INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
Realized gain	734,259	1,652,494
Unrealized (loss) / gain	1,438,707	(1,253,713)
	2,172,966	390,781

8 OTHER EXPENSES

	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
Standard & Poor's benchmarking fee	7,903	7,903
Custody fee	9,982	12,000
Value Added Tax	20,020	21,721
Audit fees	9,918	9,918
Board members' fees (note 9)	2,834	2,834
CMA monitoring fee	3,719	3,719
Brokerage fee	79,588	6,411
Tadawul fees	2,479	2,480
	136,443	66,986

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 SAR 111,085 (30 June 2022: SAR 120,409).

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

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 SAR 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, SAR 2,000 are paid to each independent director by the Fund per annum. The director's total remuneration during the period amounted to SAR 2,834 (2022: SAR 2,834) while the fees payable to directors at the period-end were SAR 2,834.

Units held by related parties

Employee of Bank (SAB) - Units held	Nature of transactions	30 June 2023 (Un-audited)	31 December 2022 (Audited)
		Units	Units
SAB Bank Staff	Units held	500	500

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 2023

(Amounts in Saudi Arabian Riyals)

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 2023 (Un-audited)		
	Within 12 months	After 12 months	Total
Bank balances	396,110	-	396,110
Investments designated at FVTPL	12,609,178	-	12,609,178
Receivable and Advances	4,189	-	4,189
TOTAL ASSETS	13,009,477	-	13,009,477
Accrued expenses and other liabilities	52,733	-	52,733
TOTAL LIABILITIES	52,733	-	52,733
MATURITY GAP	12,956,744	-	12,956,744
	31 December 2022 (Audited)		
	Within 12 months	After 12 months	Total
Bank balances	830,898	-	830,898
Investments designated at FVTPL	9,748,244	-	9,748,244
Receivables and advances	264,829	-	264,829
TOTAL ASSETS	10,843,971	-	10,843,971
Accrued expenses and other liabilities	74,823	-	74,823
TOTAL LIABILITIES	74,823	-	74,823
MATURITY GAP	10,769,148	-	10,769,148

11 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.

12 LAST VALUATION DAY

The last valuation day for the period was 30 June 2023 (2022: 31 December 2022).

13 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Fund's Board on 20 Muharram 1445H corresponding to 20 August 2023G.