

SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)
(Managed by SAB Invest)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023



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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF SAB INVEST SAUDI COMPANIES EQUITY FUND (MANAGED BY SAB INVEST)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of HSBC Saudi Companies Equity Fund (formerly known as "Alawwal Invest Saudi Companies Equity Fund") (the "Fund") managed by SAB Invest (formerly known as "Alawwal Invest") (the "Fund Manager") as at 30 June 2023, and the related interim condensed statement of comprehensive income, statement of changes in equity attributable to the unitholders and cash flows for the six-month period then ended, and explanatory notes. The Fund Manager 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") as 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 as endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 22 Muharram 1445H
(9 August 2023)



SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Interim condensed statement of financial position

As at 30 June 2023

	<i>Notes</i>	30 June 2023 (Unaudited) SR	<i>31 December 2022 (Audited) SR</i>
ASSETS			
Cash and cash equivalents		41,973,513	131,049,114
Financial assets at fair value through profit or loss ("FVTPL")	4	2,497,978,183	1,992,640,208
Receivables and advances		10,380,274	65,130,949
TOTAL ASSETS		2,550,331,970	2,188,820,271
LIABILITIES			
Management fee payable	5	3,977,698	4,479,086
Accrued expenses and other payables		17,518,698	86,068,162
TOTAL LIABILITIES		21,496,396	90,547,248
EQUITY			
Net assets attributable to unitholders of redeemable units		2,528,835,574	2,098,273,023
TOTAL LIABILITIES AND EQUITY		2,550,331,970	2,188,820,271
Redeemable units in issue		43,816,639	44,423,690
Net asset value attributable to each per unit		57.71	47.23

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Interim condensed statement of comprehensive income (unaudited)
For the six-month period ended 30 June 2023

	<i>Notes</i>	2023 SR	2022 SR
INCOME			
Net realized (loss) / gain on financial assets at FVTPL		(20,658,852)	445,166,706
Net unrealized gain / (loss) on financial assets at FVTPL		471,711,784	(240,885,455)
Dividend income		37,085,784	21,394,015
Other income		21,812	56
TOTAL INCOME		488,160,528	225,675,322
EXPENSES			
Management fees	5	22,178,709	22,859,253
Other expenses		1,105,302	1,148,124
TOTAL EXPENSES		23,284,011	24,007,377
NET INCOME FOR THE PERIOD		464,876,517	201,667,945
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		464,876,517	201,667,945

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

SAB Invest Saudi Companies Equity Fund
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Interim condensed statement of changes in equity attributable to the unitholders (unaudited)
For the six-month period ended 30 June 2023

	2023 SR	2022 SR
EQUITY AT THE BEGINNING OF THE PERIOD	2,098,273,023	2,037,126,626
Net income for the period	464,876,517	201,667,945
Other comprehensive income for the period	-	-
Total comprehensive income for the period	464,876,517	201,667,945
Issue of units during the period	77,104,693	79,766,696
Redemption of units during the period	(111,418,659)	(112,210,795)
Net change	(34,313,966)	(32,444,099)
EQUITY AT THE END OF THE PERIOD	2,528,835,574	2,206,350,472
	<i>Units</i>	<i>Units</i>
REDEEMABLE UNIT TRANSACTIONS		
Transactions in redeemable units during the period are summarised as follows:		
UNITS AT THE BEGINNING OF THE PERIOD	44,423,690	46,353,669
Issue of units during the period	1,609,096	1,513,481
Redemption of units during the period	(2,216,147)	(2,176,654)
Net decrease in units	(607,051)	(663,173)
UNITS AT THE END OF THE PERIOD	43,816,639	45,690,496

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Interim condensed statement of cash flows (unaudited)
For the six-month period ended 30 June 2023

	2023 SR	2022 SR
Operating activities		
Net income for the period	464,876,517	201,667,945
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>		
Movement in unrealised (gain) / loss on financial assets at FVTPL	(471,711,784)	240,885,455
Dividend income	(37,085,784)	(21,394,015)
	(43,921,051)	421,159,385
<i>Working capital adjustments:</i>		
Financial assets at FVTPL	(33,626,191)	(478,969,849)
Receivable and advances	54,750,675	23,036,739
Management fees payable	(501,388)	(198,774)
Accrued expenses and other payables	(68,549,464)	29,557,485
Cash flows used in operations	(91,847,419)	(5,415,014)
Dividends received	37,085,784	21,394,015
Net cash flows (used in) / generated from operating activities	(54,761,635)	15,979,001
Financing activities		
Proceeds from issuance of units	77,104,693	79,766,696
Payment on redemption of units	(111,418,659)	(112,210,795)
Net cash flows used in financing activities	(34,313,966)	(32,444,099)
Net decrease in cash and cash equivalents	(89,075,601)	(16,465,098)
Cash and cash equivalents at the beginning of the period	131,049,114	48,010,867
Cash and cash equivalents at the end of the period	41,973,513	31,545,769

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

SAB Invest Saudi Companies Equity Fund (Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Notes to unaudited interim condensed financial statements
At 30 June 2023

1. INCORPORATION AND ACTIVITIES

SAB Invest Saudi Companies Equity Fund (formerly known as Alawwal Invest Saudi Companies Equity Fund) (the “Fund”) is an investment fund established through an agreement between SAB Invest (formerly known as “Alawwal Invest”) (the “Fund Manager”) and investors (the “unitholders”). The address of the Fund Manager is as follows:

SAB INVEST Saudi Arabia, Head Office
SAB INVEST Building 7267
Olaya Street (Al-Murooj District)
Riyadh 12283-2255
Kingdom of Saudi Arabia

The objective of the Fund is to achieve capital appreciation over the medium to long-term by investing in shariah compliant Saudi equities listed on Tadawul (Saudi Stock Market).

The Fund is managed by the Fund Manager who also acts as the administrator of the Fund. AL Bilad Capital is the custodian of the Fund. All income is reinvested in the Fund and is reflected in the unit price.

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 by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12 Rajab 1442H. Corresponding to 24 February 2021G (the “Amended Regulations”). The amended regulations are effective from 19 Ramadan 1442, corresponding to 1 May 2021).

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 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in the kingdom of Saudi Arabia.

The unaudited 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 interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for financial assets held at FVTPL 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. All financial information presented has been rounded to the nearest SR.

SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Notes to unaudited interim condensed financial statements (continued)
At 30 June 2023

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

3.2. New standards and amendments to standards

3.2.1 New standards and amendments adopted by the Fund

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the Fund's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

The following new and amended IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements.

Standard, interpretation and amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which previously permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023

3.2.2 Significant standards issued but not yet effective

Standard, interpretation and amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	Annual periods beginning on or after 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	Annual periods beginning on or after 1 January 2024

SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2023

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

The composition of the investment’s portfolio on the last valuation day of the period/year end is summarised below:

	30 June 2023 (Unaudited)			
	% of Market value	Cost SR	Market value SR	Unrealised Gain (loss) SR
<u>Investments in equities (by sector)</u>				
Banks	21.23%	512,236,858	530,296,768	18,059,910
Consumer Services	15.55%	310,643,726	388,415,384	77,771,658
Software & Services	12.74%	195,532,990	318,268,861	122,735,871
Transportation	10.44%	207,061,892	260,669,560	53,607,668
Insurance	6.60%	114,221,967	164,991,960	50,769,993
Capital Goods	6.26%	103,918,453	156,369,759	52,451,306
Health Care Equipment & Services	5.85%	97,440,973	146,048,057	48,607,084
Media and Entertainment	5.02%	76,621,298	125,423,606	48,802,308
Pharma, Biotech & Life Science	3.95%	89,538,480	98,667,143	9,128,663
Utilities	3.19%	54,434,037	79,726,842	25,292,805
Retailing	2.89%	82,881,141	72,260,296	(10,620,845)
Energy	2.60%	69,446,762	64,949,371	(4,497,391)
Food & Beverages	1.88%	45,747,109	46,861,609	1,114,500
Materials	1.80%	48,136,413	45,028,967	(3,107,446)
Total	100.00%	2,007,862,099	2,497,978,183	490,116,084

	31 December 2022 (Audited)			
	% of Market value	Cost SR	Market value SR	Unrealised Gain (loss) SR
<u>Investments in equities (by sector)</u>				
Banks	27.60%	520,849,345	552,220,349	31,371,004
Materials	12.50%	294,840,632	249,835,890	(45,004,742)
Health Care Equipment & Services	10.10%	191,095,875	200,889,029	9,793,154
Software & Services	7.30%	108,553,788	145,339,412	36,785,624
Consumer Services	7.10%	124,939,657	140,606,909	15,667,252
Energy	6.20%	133,957,763	123,470,384	(10,487,379)
Food & Staples Retailing	5.50%	116,476,599	110,312,209	(6,164,390)
Utilities	4.70%	85,555,831	93,155,694	7,599,863
Transportation	4.10%	78,764,838	80,914,184	2,149,346
Telecommunication Services	3.90%	83,253,071	77,204,736	(6,048,335)
Media and Entertainment	3.20%	60,691,738	63,655,905	2,964,167
Retailing	2.90%	77,272,507	58,489,536	(18,782,971)
Real Estate Management & Development	2.70%	55,983,930	53,523,868	(2,460,062)
Capital Goods	2.20%	42,000,334	43,022,103	1,021,769
Total	100.00%	1,974,235,908	1,992,640,208	18,404,300

The above equity investments are listed on the Saudi Stock Exchange (“Tadawul”). The Fund Manager seeks to limit risk for the Fund by monitoring exposures in each investment sector and individual securities.

SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Notes to unaudited interim condensed financial statements (continued)
At 30 June 2023

5. TRANSACTIONS WITH RELATED PARTIES

A. Transactions and balances with Fund Manager

In the ordinary course of its activities, the Fund transacts business with related parties. The following are the details of major related party transactions during the period:

Related party	Nature of transactions	Amount of transactions		Balance	
		2023 SR	2022 SR	2023 SR	2022 SR
SAB Invest (Fund Manager)	Fund management fee	22,178,709	22,859,253	3,977,698	4,479,086
	Administration fee	652,315	672,331	124,082	108,278
	Board member fee	9,918	9,863	34,457	24,540
	Cash and cash equivalents			-	-
Saudi Awwal Bank (Parent of fund manager)	Cash and cash equivalents			-	3,917,207

The Fund pays the Fund Manager a management fee calculated at an annual rate of 1.7% per annum calculated on the Net asset value at each valuation date. The fee is intended to compensate the Fund Manager for administration of the Fund.

The management fees amounting to SR 22,178,709 (30 June 2022: SR 22,859,253) reflected in the interim condensed statement of comprehensive income represent the fees charged by the Fund Manager during the period as described above. As at 30 June 2023, management fees amounting to SR 3,977,698 (31 December 2022: SR 4,479,086) are payable to the Fund Manager.

The units in issue at 30 June 2023 include 538.11 units held by the employees of the Fund Manager (31 December 2022: NIL units) and units held by other funds managed by the Fund manager aggregating to 3,019,446 units (31 December 2022: 2,369,121 units).

B. Transactions with 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 5,000 per meeting.

C. Transactions and balances with Funds managed by the Fund Manager

Investments by other Funds in SAB Invest Saudi Companies Equity Fund are set out below:

Related party	Nature of transactions	Amount of transactions		Balance	
		2023 SR	2022 SR	2023 SR	2022 SR
SAB Invest Multi-Assets Defensive Fund	Issuance / (redemption), net	12,335,255	(3,401,293)	2,386,239	14,118,181
SAB Invest Multi-Assets Balanced Fund	Issuance / (redemption), net	40,800,000	36,765,939	127,440,612	78,313,961
SAB Invest Multi-Assets Growth Fund	Issuance / (redemption), net	2,762,728	4,438,216	26,949,167	19,469,012

SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2023

6. FAIR VALUE 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. All other financial assets and liabilities are classified as amortized cost and 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 year.

7. 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 2023 (Unaudited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	41,973,513	-	41,973,513
Financial assets at FVTPL	2,497,978,183	-	2,497,978,183
Receivables and advances	10,380,274	-	10,380,274
TOTAL ASSETS	2,550,331,970	-	2,550,331,970
LIABILITIES			
Management fee payable	3,977,698	-	3,977,698
Accrued expenses and other payables	17,518,698	-	17,518,698
TOTAL LIABILITIES	21,496,396	-	21,496,396
<i>As at 31 December 2022 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	131,049,114	-	131,049,114
Financial assets at FVTPL	1,992,640,208	-	1,992,640,208
Receivables and advances	65,130,949	-	65,130,949
TOTAL ASSETS	2,188,820,271	-	2,188,820,271
LIABILITIES			
Management fee payable	86,068,162	-	86,068,162
Accrued expenses and other payables	4,479,086	-	4,479,086
TOTAL LIABILITIES	90,547,248	-	90,547,248

8. LAST VALUATION DAY

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

SAB Invest Saudi Companies Equity Fund
(Formerly known as Alawwal Invest Saudi Companies Equity Fund)

Notes to unaudited interim condensed financial statements (continued)

At 30 June 2023

9. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the Fund Manager has made certain revisions to the Terms and Conditions of the Fund. The latest update was approved by the Capital Market authority (the “CMA”) on 24 Dhul Hijja 1444H (corresponding to 12 July 2023).

Further, the Fund Manager announced changes in the board of directors on 5 Muharram 1445H (Corresponding to 23 July 2023).

10. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These unaudited interim condensed financial statements were approved by the Fund’s management on 20 Muharram 1445H (corresponding to 7 August 2023).