

Blom Saudi Arabia Fund

Interim Fund Report

30 June 2020

Mohamadiya Area, Al-Oula Building, 3rd Floor, King Fahd Road,
Riyadh 11482, Saudi Arabia
P.O. Box 8151
Tel: +966 11 4949555
Fax: +966 11 4949551
www.blom.sa

Blominvest Saudi Arabia (“BSA”) is a Joint Stock company with a capital of SAR 245 million paid in full under CR 1010254040 date 24/07/1429 H issued from Riyadh, Saudi Arabia. BSA is licensed by the Saudi Capital Market Authority under number 37-08094 to offer the services of Dealing as Principle, Agent, Underwriting, Managing, Arranging, Advising and Custody in Securities Business.

❖ Fund Manager

1) Name and address of the fund manager.

Blominvest Saudi Arabia, with its registered office at Al Oula Building, 3rd floor, King Fahad Road, Riyadh, P.O. Box 8151, Riyadh 11482, Saudi Arabia with CMA License number: 08094 - 37.

2) Names and addresses of sub-manager and/or investment adviser (if any).

The Fund Manager did not appoint a sub-manager or investment advisor.

3) Investment activities during the period.

At the end of the 1st Half 2020 Tadawul closed at the 7,224.09 level- a level many deem high given the impaired earnings during due to Coronavirus shutdowns and impaired economic activity, though we share that view, we find pockets of value within the Saudi market. We also note the different dynamic we have at play in terms of opportunity cost as interest rate declines and is subjected to further cuts during the year. Total equity market capitalization at the end of the 1st Half 2020 reached SAR 8,233.15 billion, increasing by 295.62% over the same period of the previous year, indicating higher participation.

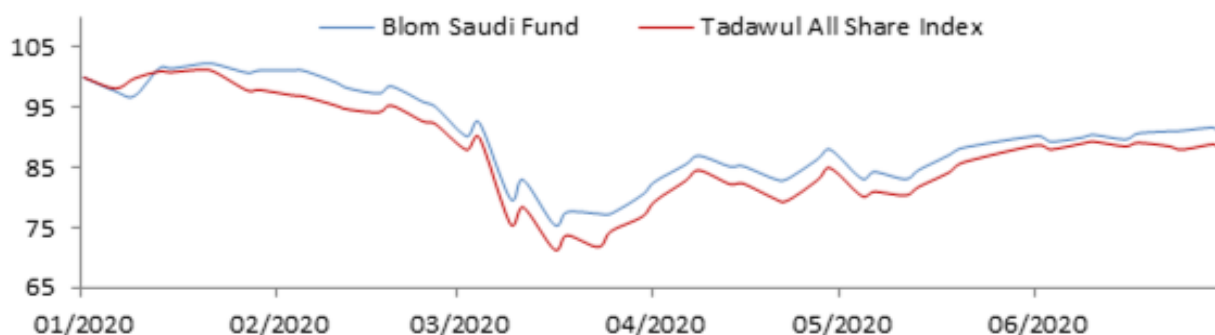
Oil price remained volatile despite the agreement on production cuts. West Texas Intermediate (WTI) oil futures for imminent delivery went negative in April as weak demand and difficulties in managing US oil storage meant traders were briefly paid to take physical delivery of oil. however, oil prices started rallying after OPEC+ agreed to cut their combined oil output by 9.7 million barrels per day in May-June.

Major events during 1H20 include HMG listing , Aramco/Sabir deal, NCB, Samba agreement for potential merger and Amlak company's intial public offering.

4) Investment fund's performance during the period.

YTD The Fund ended the half year of 2020 down -9.19% vs -11.08% for the benchmark.

Since Inception The Fund ended the half year of 2020 up 50.26% vs 43.26% for the benchmark.



5) Details of any material changes made during the period.

- Reduction in Audit Fees
- Update the financial information of the fund manager to reflect the year ended 2019.
- Update the fund's performance to include the year ended 2019 performance.
- Adjustment of the VAT increase from July 2020

6) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period.

Not Applicable

7) Investment fund invests substantially in other investment funds.

Not Applicable

8) A statement on any special commission received by the fund manager during the period.

The Fund manager did not receive any special commission during the first half of 2020.

9) Any other data and other information required by these Regulations to be included in this report.

Not Applicable.

❖ Financial Statement.

E&Y the external auditor of the fund, the interim Financial Statement as of 30/06/2020. Attached the Financial Statement.

**Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)**

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

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020



Ernst & Young & Co. (Certified Public Accountants) Registration No. 45/11/323
General Partnership C.R. No. 1010383821
Head Office

Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com/mena

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF BLOM SAUDI ARABIA FUND (MANAGED BY BLOMINVEST SAUDI ARABIA)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Blom Saudi Arabia Fund (the "Fund") managed by Blominvest Saudi Arabia (the "Fund Manager") as at 30 June 2020, and the related interim condensed statements of comprehensive income, interim condensed changes in 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. 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") 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

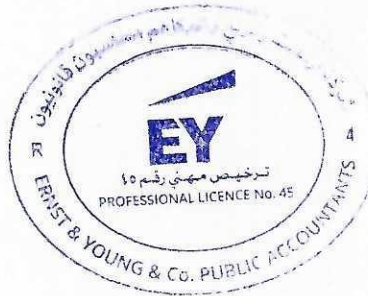
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, 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 endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young

Abdulaziz Al-Sowailim
Certified Public Accountant
License No. 277



Riyadh: 28 Dhul-Hijjah 1441H
(18 August 2020)

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	<i>Notes</i>	<i>30 June 2020 SR</i>	<i>31 December 2019 SR</i>
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	4	9,565,723	11,222,436
Dividend receivables		15,555	1,751
Trade settlements		-	29,720
Bank balance		211,801	183,075
TOTAL ASSETS		9,793,079	11,436,982
LIABILITIES			
Accrued management fees	7	17,060	16,162
Accrued expenses		80,508	72,461
TOTAL LIABILITIES		97,568	88,623
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		9,695,511	11,348,359
TOTAL LIABILITIES AND EQUITY		9,793,079	11,436,982
Redeemable units in issue		6,452	6,859
Net asset value attributable to each unit		1,502.71	1,654.52

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the six-month period ended 30 June 2020

	<i>Notes</i>	2020 SR	2019 SR
INCOME			
Net (loss) gain from financial assets at FVTPL	5	(898,935)	1,943,521
Dividend income		132,034	265,387
		<hr/>	<hr/>
TOTAL (LOSS) INCOME		(766,901)	2,208,908
		<hr/>	<hr/>
EXPENSES			
Management fees	7	(72,805)	(94,246)
Other expenses	6	(140,432)	(134,147)
		<hr/>	<hr/>
TOTAL EXPENSES		(213,237)	(228,393)
		<hr/>	<hr/>
NET (LOSS) INCOME FOR THE PERIOD		(980,138)	1,980,515
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(980,138)	1,980,515
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The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	11,348,359	13,792,843
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(980,138)	1,980,515
ISSUANCE AND REDEMPTION OF UNITS		
Issuance of units during the period	100,000	-
Redemptions of units during the period	(772,710)	(4,010,293)
Net changes in units	(672,710)	(4,010,293)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	9,695,511	11,763,065

REDEEMABLE UNIT TRANSACTIONS

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

	2020 Units	2019 Units
UNITS AT THE BEGINNING OF THE PERIOD	6,859	9,458
Issuance of units during the period	66	-
Redemptions of units during the period	(473)	(2,537)
Net changes in units	(407)	(2,537)
UNITS AT THE END OF THE PERIOD	6,452	6,921

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Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income for the period	(980,138)	1,980,515
Adjustment to reconcile net income to net cash flows:		
Movement in unrealized loss (gain) on financial assets at FVTPL	432,640	(1,530,353)
	(547,498)	450,162
Working capital adjustments:		
Decrease in financial assets at FVTPL	1,224,073	2,410,525
Increase in dividend receivables	(13,804)	(8,500)
Increase in accrued management fees and other expenses	8,945	3,168
Decrease in trade settlement	29,720	-
Net cash flows from operating activities	701,436	2,855,355
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	100,000	-
Payment on redemption of units	(772,710)	(4,010,293)
Net cash flows used in financing activities	(672,710)	(4,010,293)
NET INCREASE (DECREASE) IN BANK BALANCE	28,726	(1,154,938)
Bank balance at the beginning of the period	183,075	1,274,724
BANK BALANCE AT THE END OF THE PERIOD	211,801	119,786

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

Blom Saudi Arabia Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

1. GENERAL

Blom Saudi Arabia Fund (the “Fund”) is an open ended fund created by agreement between Blominvest Saudi Arabia - A Saudi Joint Stock Company (the “Fund Manager”) and investors (“unitholders”) in the Fund.

The objective of the Fund is to generate long term capital growth for investors through investing in equity securities listed in Tadawul, either directly or through other funds or collective investment schemes established under the laws and regulations of Saudi Arabia.

The Fund was established on 21 Jumad Awal 1432H (corresponding to 25 April 2011) as per approval from the Capital Market Authority (the “CMA”) and commenced its operations on 6 July 2011.

The Fund has appointed HSBC Saudi Arabia Limited to act as its custodian and administrator. The fees for the custodian and administrator services are paid directly by the Fund.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and, effective from 6 Safar 1438H (corresponding 6 November 2016) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 16 Sha’aban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia.

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 the Kingdom of Saudi Arabia.

The interim condensed financial statements do not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the annual financial statements for the year ended 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. All financial information presented has been rounded to the nearest SR.

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 new standards, amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial statements of the Fund.

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.

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

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

The composition of the financial assets at fair value through profit or loss is summarised below:

Description	30 June 2020			
	% of market value	Cost SR	Market value SR	Unrealised gain SR
Sectors				
Materials	22.81%	1,943,109	2,181,846	238,737
Energy	16.79%	1,552,922	1,606,269	53,347
Banks	15.36%	1,521,899	1,469,010	(52,889)
Food, Beverage	12.27%	1,054,235	1,173,449	119,214
Telecommunication Services	11.24%	983,642	1,075,095	91,453
Utilities	7.51%	764,880	718,071	(46,809)
Food & Staples Retailing	6.61%	507,233	632,229	124,996
Retailing	2.61%	238,581	249,647	11,066
Insurance	2.35%	183,409	224,785	41,376
Health Care Equipment & Services	0.88%	79,530	84,340	4,810
Commercial & Professional Services	0.63%	63,436	60,449	(2,987)
Real Estate Management and Development	0.63%	63,304	60,314	(2,990)
Pharmaceuticals, Biotechnology & Life Sciences	0.31%	28,223	30,219	1,996
	100.00%	8,984,403	9,565,723	581,320
Description	31 December 2019			
	% of market value	Cost SR	Market value SR	Unrealised gain SR
Sectors				
Materials	21.93%	2,214,893	2,461,205	246,312
Real Estate Management and Development	19.31%	1,897,684	2,166,952	269,268
Energy	15.00%	1,530,073	1,683,227	153,154
Banks	10.73%	1,136,989	1,204,234	67,245
Telecommunication Services	7.49%	773,966	840,296	66,330
Retailing	7.36%	812,233	825,654	13,421
Transportation	6.22%	618,990	698,553	79,563
Food and Beverages	5.06%	500,175	567,717	67,542
Utilities	3.03%	330,295	340,206	9,911
Commercial and Professional Services	2.42%	230,119	272,112	41,993
Consumer Services	1.45%	163,059	162,280	(779)
	100%	10,208,476	11,222,436	1,013,960

Equity investments are traded on the Saudi Arabian stock exchange ("Tadawul").

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

5. NET (LOSS) GAIN FROM FINANCIAL ASSETS AT FVTPL

	<i>For the six-month period ended 30 June</i>	
	2020	2019
	SR	SR
Realised (loss) gain	(466,295)	413,168
Unrealised (loss) gain	(432,640)	1,530,353
	<u>(898,935)</u>	<u>1,943,521</u>

6. OTHER EXPENSES

	<i>For six month period ended 30 June</i>	
	2020	2019
	SR	SR
Administration fee (see below)	44,754	44,630
Audit fees	22,377	22,315
Board meeting expense	18,648	18,596
Transaction charges	24,150	17,719
Custodian fees (see below)	14,918	14,877
Value added tax	9,075	9,812
Regulatory fee	4,024	3,719
Tadawul charges	2,486	2,479
	<u>140,432</u>	<u>134,147</u>

HSBC Saudi Arabia Limited act as the custodian and administrator of the Fund. The Fund pays an administration fee calculated at an annual rate, as per the below table as set out in the Fund's terms and conditions, of the net asset value at each valuation date.

<i>Net asset value</i>	<i>Annual rate</i>
From SR Nil to SR 187.5 million	0.10%
SR 187.5 million and above	0.08%
Minimum monthly administration fee	SR 2,500

The custody fee is calculated and accrued at a rate of 0.10% per annum of the net asset value at each valuation date as set out in the Fund's terms and conditions and subject to the monthly minimum fee of SR 7,500. The custodian had waived one month of fees during 2019, based on a signed waiver agreement.

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

7. TRANSACTIONS WITH RELATED PARTIES

The Fund pays a management fee at the rate of 1.50% per annum calculated based on the net assets at each valuation date. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund including audit fee, board compensation and other similar charges.

The management fees amounting to SR 72,805 (2019: SR 94,246) reflected in the interim condensed statement of comprehensive income represent the fees charged by the Fund Manager during the period as prescribed above. The accrued management fees payable to the Fund Manager at the period-end are as follows:

	<i>30 June 2020</i>	<i>31 December 2019</i>
Accrued management fees	17,060	16,162

The Unitholders' account during the period included units held as follows:

	<i>30 June 2020 Units</i>	<i>31 December 2019 Units</i>
Held by the fund manager	1,239	1,239

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date.

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. The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Fund measures financial instruments at fair value at each interim condensed statement of financial position date.

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 year.

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

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>
ASSETS			
Financial assets at FVTPL	9,565,723	-	9,565,723
Dividend receivables	15,555	-	15,555
Bank balance	211,801	-	211,801
TOTAL ASSETS	9,793,079	-	9,793,079
LIABILITIES			
Accrued management fees	17,060	-	17,060
Accrued expenses	80,508	-	80,508
TOTAL LIABILITIES	97,568	-	97,568
<i>As at 31 December 2019</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at FVTPL	11,222,436	-	11,222,436
Trade settlements	29,720	-	29,720
Dividend receivables	1,751	-	1,751
Bank balance	183,075	-	183,075
TOTAL ASSETS	11,436,982	-	11,436,982
LIABILITIES			
Accrued management fees	16,162	-	16,162
Accrued expenses	72,461	-	72,461
TOTAL LIABILITIES	88,623	-	88,623

10. LAST VALUATION DAY

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

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

11. IMPACT OF COVID-19 ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities and business continuity, the Fund Manager has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

As of the date of interim condensed financial statements for the six months period ended 30 June 2020, the Fund’s operations and financial results have witnessed impact due to the COVID-19 outbreak mainly as result of decline in the Fund’s investments’ fair values in line with share prices declining trend. The impact of the pandemic on the Fund’s operations and financial results till the date of the interim condensed financial statements has been reflected in the net assets value and investments value. These developments could further impact our future financial results, cash flows and financial condition and the Fund Manager will continue to assess the nature and extent of the impact on its business and financial results.

12. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund’s management on 28 Dhul-Hijjah 1441H (corresponding to 18 August 2020).