

**Blom Arab Markets Balanced 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**



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

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Blom Arab Markets Balanced 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 A. Al-Sowailim  
Certified Public Accountant  
License No. 277



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

Blom Arab Markets Balanced 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 USD</i>	<i>31 December 2019 USD</i>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	4	<b>2,046,291</b>	5,564,387
Trade settlements		<b>43,017</b>	26,773
Accrued special commission income		<b>12,063</b>	-
Other receivable		<b>4,246</b>	-
Bank balance		<b>895,622</b>	197,066
<b>TOTAL ASSETS</b>		<b>3,001,239</b>	5,788,226
<b>LIABILITIES</b>			
Unitholders' redemptions payable		<b>87,034</b>	-
Accrued management fees	7	<b>5,243</b>	9,314
Accrued expenses		<b>29,839</b>	51,110
<b>TOTAL LIABILITIES</b>		<b>122,116</b>	60,424
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)</b>		<b>2,879,123</b>	5,727,802
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,001,239</b>	5,788,226
Redeemable units in issue		<b>3,007</b>	5,437
Net asset value attributable to each unit		<b>957.47</b>	1,053.49

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

Blom Arab Markets Balanced 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 <i>USD</i>	2019 <i>USD</i>
<b>INCOME</b>			
Net (loss) gain from financial assets at FVTPL	5	<b>(558,744)</b>	551,321
Dividend income		<b>36,827</b>	120,762
Special commission income		<b>39,318</b>	49,269
Other (loss) income		<b>(7,177)</b>	382
<b>TOTAL INCOME</b>		<b>(489,776)</b>	721,734
<b>EXPENSES</b>			
Management fees	7	<b>(29,256)</b>	(58,616)
Other expenses	6	<b>(48,165)</b>	(56,532)
<b>TOTAL EXPENSES</b>		<b>(77,421)</b>	(115,148)
<b>NET (LOSS) INCOME FOR THE PERIOD</b>		<b>(567,197)</b>	606,586
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>		<b>(567,197)</b>	606,586

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

Blom Arab Markets Balanced 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

	<i>2020</i> <i>USD</i>	<i>2019</i> <i>USD</i>
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD</b>	<b>5,727,802</b>	7,552,651
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>(567,197)</b>	606,586
<b>ISSUANCE AND REDEMPTION OF UNITS</b>		
Redemptions of units during the period	<b>(2,281,482)</b>	(295,830)
Net changes in units	<b>(2,281,482)</b>	(295,830)
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD</b>	<b>2,879,123</b>	7,863,407

**REDEEMABLE UNIT TRANSACTIONS**

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

	<i>2020</i> <i>Units</i>	<i>2019</i> <i>Units</i>
<b>UNITS AT THE BEGINNING OF THE PERIOD</b>	<b>5,437</b>	7,618
Redemptions of units during the period	<b>(2,430)</b>	(280)
Net changes in units	<b>(2,430)</b>	(280)
<b>UNITS AT THE END OF THE PERIOD</b>	<b>3,007</b>	7,338

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

Blom Arab Markets Balanced Fund  
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six- month period ended 30 June 2020

	2020 USD	2019 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income for the period	(567,197)	606,586
Adjustments to reconcile net income to net cash flows:		
Movement in unrealized loss (gain) on financial assets at FVTPL	481,495	(565,797)
Movement in unrealized foreign exchange loss (gain) on financial assets at FVTPL	12,836	(3,917)
	<u>(72,866)</u>	<u>36,872</u>
Working capital adjustments:		
Decrease in financial assets at FVTPL	3,023,765	511,643
(Increase) Decrease in other receivables	(4,246)	952
Increase in trade settlement	(16,244)	-
Increase in unitholders' redemptions payable	87,034	-
Decrease in accrued special commission income	(12,063)	-
(Decrease) Increase in accrued management fees and other expenses	(25,342)	35,658
	<u>2,980,038</u>	<u>585,125</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on redemption of units	(2,281,482)	(295,830)
	<u>(2,281,482)</u>	<u>(295,830)</u>
<b>NET INCREASE IN BANK BALANCE</b>	<b>698,556</b>	<b>289,295</b>
Bank balance at the beginning of the period	197,066	505,233
<b>BANK BALANCE AT THE END OF THE PERIOD</b>	<b>895,622</b>	<b>794,528</b>

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

# Blom Arab Markets Balanced Fund (Managed by Blominvest Saudi Arabia)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 1. GENERAL

Blom Arab Markets Balanced Fund (the “Fund”) is an open ended investment 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 achieve growth in invested capital over the medium to long term through investment in stocks, equity-linked securities, money market instruments, fixed income securities, mutual funds that invest in such securities and financial instruments, including investment Funds that are managed by the Fund Manager or its affiliates in the Middle East and North Africa (“MENA”) region.

The terms and conditions of the Fund were issued on 28 Dhul-Hijjah 1433H (corresponding to 12 November 2012). The Fund commencement date as per the terms and conditions was 24 Safar 1434H (corresponding to 6 January 2013).

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

#### 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 U.S.Dollar (“USD”), which is the Fund’s functional currency. All financial information presented has been rounded to one U.S Dollar, except where otherwise indicated.

#### 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 Arab Markets Balanced 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)

Financial assets at fair value through profit or loss are analysed as follows as at 30 June 2020:

	Cost USD	Market value USD	Unrealized loss USD
Investments in equities	938,838	849,611	(89,227)
Investments in mutual funds	1,250,000	1,196,680	(53,320)
	<u>2,188,838</u>	<u>2,046,291</u>	<u>(142,547)</u>

The investment in equities by country is analyzed as follows as at 30 June 2020:

Country name	% of market Value	Cost USD	Market value USD	Unrealized (loss) gain USD
Saudi Arabia	47.60%	1,039,437	974,069	(65,368)
United Arab Emirates	26.38%	634,959	539,825	(95,134)
Bermuda	10.97%	225,830	224,538	(1,292)
Qatar	5.09%	84,537	104,240	19,703
Kuwait	3.65%	58,669	74,596	15,927
Egypt	3.27%	84,406	66,962	(17,444)
Oman	3.04%	61,000	62,061	1,061
	<u>100%</u>	<u>2,188,838</u>	<u>2,046,291</u>	<u>(142,547)</u>

Investments in mutual funds comprises the following as at 30 June 2020:

Country Name	% of Market value	Cost USD	Market value USD	Unrealized loss USD
Saudi Arabia	<u>100%</u>	<u>1,250,000</u>	<u>1,196,680</u>	<u>(53,320)</u>

Investments at fair value through profit or loss are analyzed as follows as at 31 December 2019:

	Cost USD	Market value USD	Unrealized gain USD
Investments in equities	4,295,886	4,419,858	123,972
Investments in mutual funds	929,553	1,144,529	214,976
	<u>5,225,439</u>	<u>5,564,387</u>	<u>338,948</u>



Blom Arab Markets Balanced Fund  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

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

The financial assets in equities by country is analyzed as follows as at 31 December 2019:

Country name	31 December 2019			
	% of market Value	Cost USD	Market value USD	Unrealised gain (loss) USD
Saudi Arabia	31.07%	1,616,544	1,728,593	112,049
Cayman Islands	11.89%	686,688	661,594	(25,094)
United Arab Emirates	11.79%	688,605	655,768	(32,837)
Kuwait	11.30%	458,514	628,946	170,432
Egypt	11.16%	596,405	620,960	24,555
Qatar	6.52%	299,957	362,991	63,034
Bahrain	5.43%	294,746	301,905	7,159
Netherlands	5.42%	297,150	301,527	4,377
Bermuda	4.07%	225,830	226,666	836
Oman	1.35%	61,000	75,437	14,437
	100%	5,225,439	5,564,387	338,948

Investments in mutual funds comprise the following as at 31 December 2019:

Country Name	% of Market value	Cost USD	Market value USD	Unrealized gain USD
Saudi Arabia	100%	929,553	1,144,529	214,976

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

	For the six-month period ended 30 June	
	2020 USD	2019 USD
Realized loss	(62,987)	(18,441)
Unrealized (loss) gain	(481,495)	565,797
Realized foreign exchange (loss) gain on trading investments	(1,426)	48
Unrealized foreign exchange (loss) gain on trading investments	(12,836)	3,917
	(558,744)	551,321

Blom Arab Markets Balanced Fund  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

6. OTHER EXPENSES

	<i>For the six-month period ended</i>	
	<i>2020</i>	<i>2019</i>
	<i>USD</i>	<i>USD</i>
Fund administration fees (see below)	<b>12,000</b>	12,000
Custodian fees (see below)	<b>12,000</b>	12,000
Audit fees	<b>5,967</b>	5,951
Board meeting expense	<b>4,973</b>	4,959
Transaction fees	<b>1,760</b>	1,480
Regulatory fees	<b>664</b>	5,144
Miscellaneous	<b>10,801</b>	14,998
	<b>48,165</b>	56,532

HSBC Saudi Arabia Limited act as the custodian and administrator of the Fund. The Fund also 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 USD Nil to USD 50 million	<b>0.10%</b>
USD 50 million and above	<b>0.08%</b>
Minimum monthly administration fee	<b>USD 2,000</b>

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 USD 2,000.

7. TRANSACTIONS WITH RELATED PARTIES

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

The management fees amounting to USD 29,256 (30 June 2019: USD 58,616) reflected in the interim condensed statement of comprehensive income represents 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</i>	<i>31 December</i>
	<i>2020</i>	<i>2019</i>
	<i>USD</i>	<i>USD</i>
Accrued management fees	<b>5,243</b>	9,314

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

	<i>30 June</i>	<i>31 December</i>
	<i>2020</i>	<i>2019</i>
	<i>Units</i>	<i>Units</i>
Held by the fund manager	<b>1,250</b>	1,250

Blom Arab Markets Balanced Fund  
(Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

**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.

**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 USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
<b>ASSETS</b>			
Financial assets at FVTPL	2,046,291	-	2,046,291
Trade settlements	43,017	-	43,017
Accrued special commission income	12,063	-	12,063
Other receivables	4,246	-	4,246
Bank balance	895,622	-	895,622
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>3,001,239</b>	-	<b>3,001,239</b>
<b>LIABILITIES</b>			
Unitholders' redemptions payable	87,034	-	87,034
Accrued management fees	5,243	-	5,243
Accrued expenses	29,839	-	29,839
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>122,116</b>	-	<b>122,116</b>
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Blom Arab Markets Balanced 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 (continued)**

<i>As at 31 December 2019</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
<b>ASSETS</b>			
Financial assets at FVTPL	5,564,387	-	5,564,387
Trade settlement	26,773	-	26,773
Bank balance	197,066	-	197,066
	<u>5,788,226</u>	<u>-</u>	<u>5,788,226</u>
<b>TOTAL ASSETS</b>			
	<u>5,788,226</u>	<u>-</u>	<u>5,788,226</u>
<b>LIABILITIES</b>			
Accrued management fees	9,314	-	9,314
Accrued expenses	51,110	-	51,110
	<u>60,424</u>	<u>-</u>	<u>60,424</u>
<b>TOTAL LIABILITIES</b>			
	<u>60,424</u>	<u>-</u>	<u>60,424</u>

**10. LAST VALUATION DAY**

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

**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).