

**BLOM MSCI Saudi Arabia Select Min Vol 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 MSCI SAUDI ARABIA SELECT MIN VOL FUND (MANAGED BY BLOMINVEST SAUDI ARABIA)

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Blom MSCI Saudi Arabia Select Min Vol 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 statement of 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

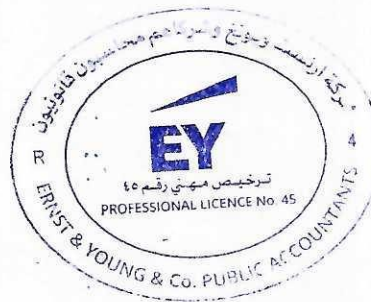
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, 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 MSCI Saudi Arabia Select Min Vol 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>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (FVTPL)	4	<b>63,523,044</b>	73,256,402
Dividend receivables		<b>39,401</b>	-
Bank balance		<b>1,020,856</b>	816,023
<b>TOTAL ASSETS</b>		<b>64,583,301</b>	74,072,425
<b>LIABILITIES</b>			
Accrued management fees	7	<b>56,069</b>	68,503
Accrued expenses		<b>2,257</b>	-
<b>TOTAL LIABILITIES</b>		<b>58,326</b>	68,503
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)</b>		<b>64,524,975</b>	74,003,922
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>64,583,301</b>	74,072,425
Redeemable units in issue		<b>575,448</b>	600,878
Net asset value attributable to each unit		<b>112.13</b>	123.16

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

BLOM MSCI Saudi Arabia Select Min Vol 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
<b>INCOME</b>			
Net (loss) gain from financial assets at FVTPL	5	<b>(7,780,312)</b>	9,354,997
Dividend income		<b>1,317,764</b>	1,785,343
<b>TOTAL INCOME</b>		<b>(6,462,548)</b>	11,140,340
<b>EXPENSES</b>			
Management fees	7	<b>(321,371)</b>	(384,159)
Other expenses	6	<b>(21,109)</b>	(27,398)
<b>TOTAL EXPENSES</b>		<b>(342,480)</b>	(411,557)
<b>NET (LOSS) INCOME FOR THE PERIOD</b>		<b>(6,805,028)</b>	10,728,783
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>		<b>(6,805,028)</b>	10,728,783

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

BLOM MSCI Saudi Arabia Select Min Vol 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
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD</b>	<b>74,003,922</b>	78,165,783
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>(6,805,028)</b>	10,728,783
<b>ISSUANCE AND REDEMPTION OF UNITS</b>		
Issuance of units during the period	-	80,442
Redemptions of units during the period	<b>(2,673,919)</b>	(13,364,831)
Net changes in units	<b>(2,673,919)</b>	(13,284,389)
<b>EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD</b>	<b>64,524,975</b>	75,610,177

**REDEEMABLE UNIT TRANSACTIONS**

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

	2020 Units	2019 Units
<b>UNITS AT THE BEGINNING OF THE PERIOD</b>	<b>600,878</b>	722,043
Issuance of units during the period	-	686
Redemptions of units during the period	<b>(25,430)</b>	(114,101)
Net changes in units	<b>(25,430)</b>	(113,415)
<b>UNITS AT THE END OF THE PERIOD</b>	<b>575,448</b>	608,628

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**BLOM MSCI Saudi Arabia Select Min Vol 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income for the period	<b>(6,805,028)</b>	10,728,783
Adjustment to reconcile net income to net cash flows:		
Movement in unrealized loss (gain) on financial assets at FVTPL	<b>7,604,420</b>	(6,286,816)
	<b>799,392</b>	4,441,967
Working capital adjustments:		
Decrease in financial assets at FVTPL	<b>2,128,938</b>	9,417,074
(Increase) decrease in dividend receivables	<b>(39,401)</b>	5,726
Decrease in accrued management fees and other expenses	<b>(10,177)</b>	(6,018)
Net cash flows from operating activities	<b>2,878,752</b>	13,858,749
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	-	80,442
Payment on redemption of units	<b>(2,673,919)</b>	(13,364,831)
Net cash flows used in financing activities	<b>(2,673,919)</b>	(13,284,389)
<b>NET INCREASE IN BANK BALANCE</b>	<b>204,833</b>	574,360
Bank balance at the beginning of the period	<b>816,023</b>	794,058
<b>BANK BALANCE AT THE END OF THE PERIOD</b>	<b>1,020,856</b>	1,368,418

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

# BLOM MSCI Saudi Arabia Select Min Vol Fund (Managed by Blominvest Saudi Arabia)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 1. GENERAL

BLOM MSCI Saudi Arabia Select Min Vol 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 track the performance of “MSCI Saudi Arabia Domestic IMI Islamic Custom Minimum Volatility Index” which is composed of Saudi Sharia Compliant Equities.

The Fund was established on 22 Jumad Thani 1438H (corresponding to 21 March 2017) as per approval from the Capital Market Authority (the “CMA”) and commenced its operations from 21 March 2017.

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 MSCI Saudi Arabia Select Min Vol 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 investments at fair value through profit or loss is summarised below:

Description	30 June 2020			
	% of market Value	Cost SR	Market value SR	Unrealized gain (loss) SR
<b><u>Sectors</u></b>				
Materials	28.16%	18,981,490	17,885,537	(1,095,953)
Banks	20.42%	11,636,852	12,970,195	1,333,343
Telecommunication Services	10.96%	5,162,418	6,963,439	1,801,021
Utilities	7.16%	5,519,612	4,548,881	(970,731)
Food and Beverage	7.15%	4,698,891	4,542,671	(156,220)
Insurance	5.58%	3,264,136	3,543,229	279,093
Retailing	4.57%	2,533,858	2,903,648	369,790
Energy	3.45%	2,176,181	2,192,363	16,182
Health Care Equipment & Services	3.42%	2,252,143	2,171,298	(80,845)
Real Estate Management and Development	3.01%	2,033,756	1,912,807	(120,949)
Food & Staples Retailing	2.50%	1,063,083	1,590,579	527,496
Consumer Services	1.34%	916,231	849,014	(67,217)
Pharmaceuticals, Biotechnology & Life Sciences	1.18%	709,319	748,055	38,736
Transportation	1.10%	750,611	701,328	(49,283)
	<b>100.00%</b>	<b>61,698,581</b>	<b>63,523,044</b>	<b>1,824,463</b>



**BLOM MSCI Saudi Arabia Select Min Vol 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)**

<i>Description</i>	<i>31 December 2019</i>			
	<i>% of market Value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain SR</i>
Materials	32.06%	22,404,699	23,489,261	1,084,562
Banks	25.33%	13,538,650	18,555,036	5,016,386
Telecommunication services	8.31%	4,104,870	6,085,708	1,980,838
Utilities	7.73%	5,602,039	5,659,861	57,822
Retailing	5.13%	2,945,081	3,760,333	815,252
Food and Beverage	4.63%	3,827,475	3,394,795	(432,680)
Insurance	4.41%	2,942,420	3,233,534	291,114
Real estate management and development	2.74%	1,861,445	2,008,178	146,733
Health care equipment and services	2.32%	1,842,337	1,697,342	(144,995)
Transportation services	2.20%	1,385,258	1,613,863	228,605
Consumer services	1.88%	1,236,665	1,374,242	137,577
Food and staples retailing	1.30%	769,600	954,039	184,439
Pharma, biotech and life science	0.95%	703,645	697,409	(6,236)
Energy	0.51%	329,682	372,063	42,381
Diversified financials	0.50%	333,653	360,738	27,085
	<u>100.00%</u>	<u>63,827,519</u>	<u>73,256,402</u>	<u>9,428,883</u>

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

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

	<i>For the six-month period ended 30 June</i>	
	<i>2020 SR</i>	<i>2019 SR</i>
Realized (loss) gain	<b>(175,892)</b>	3,068,181
Unrealized (loss) gain	<b>(7,604,420)</b>	6,286,816
	<u><b>(7,780,312)</b></u>	<u>9,354,997</u>

**BLOM MSCI Saudi Arabia Select Min Vol 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 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
Value added tax	<b>16,309</b>	<b>19,598</b>
Transaction fees	<b>4,800</b>	<b>7,800</b>
	<b>21,109</b>	<b>27,398</b>

HSBC Saudi Arabia Limited act as the custodian and administrator of the Fund. The Fund manager accrues and pays custodian and administration fees directly to HSBC Saudi Arabia Limited annually without charging them to the Fund.

The Fund also pays transaction fees of SR 50 per transaction to the custodian.

**7. TRANSACTIONS WITH RELATED PARTIES**

The Fund pays a management fee at the rate of 1% 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 fees, board compensation, and other similar charges.

The management fees amounting to SR 321,371 (2019: SR 384,159) reflected in the statement of the interim condensed 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	<b>56,069</b>	68,503

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

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<b>Units</b>	Units
Held by the fund manager	<b>32,000</b>	32,000

**BLOM MSCI Saudi Arabia Select Min Vol 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 SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Financial assets at FVTPL	63,523,044	-	63,523,044
Dividend receivables	39,401	-	39,401
Bank balance	1,020,856	-	1,020,856
<b>TOTAL ASSETS</b>	<b>64,583,301</b>	<b>-</b>	<b>64,583,301</b>
<b>LIABILITIES</b>			
Accrued management fees	56,069	-	56,069
Accrued expenses	2,257	-	2,257
<b>TOTAL LIABILITIES</b>	<b>58,326</b>	<b>-</b>	<b>58,326</b>

**BLOM MSCI Saudi Arabia Select Min Vol 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 SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Financial assets at FVTPL	73,256,402	-	73,256,402
Bank balance	816,023	-	816,023
<b>TOTAL ASSETS</b>	<u>74,072,425</u>	<u>-</u>	<u>74,072,425</u>
<b>LIABILITIES</b>			
Accrued management fees	68,503	-	68,503
<b>TOTAL LIABILITIES</b>	<u>68,503</u>	<u>-</u>	<u>68,503</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).