

**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 2021



Ernst & Young & Co. (Certified Public Accountants)
General Partnership
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Registration No. 45/11/323
C.R. No. 1010383821

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 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 2021, and the related interim condensed statements of comprehensive income, 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 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


Saad M. Al-Khathlan
Certified Public Accountant
License No. 509



Riyadh: 8 Muharram 1443H
(16 August 2021)

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	4	98,003,608	82,293,822
Dividend receivable		122,070	-
Bank balance		1,936,463	172,340
TOTAL ASSETS		100,062,141	82,466,162
LIABILITIES			
Accrued management fees	6	81,664	80,041
Accrued other expenses		12,250	1,092
TOTAL LIABILITIES		93,914	81,133
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		99,968,226	82,385,029
TOTAL LIABILITIES AND EQUITY		100,062,141	82,466,162
Redeemable units in issue		597,815	619,017
Net asset value attributable to each unit		167.22	133.09

The accompanying notes 1 to 11 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 2021

	Notes	2021 SR	2020 SR
INCOME			
Net realised gain on disposal of financial assets at FVTPL	4	8,554,834	(175,892)
Net unrealised gain (loss) on financial assets at FVTPL	4	11,107,479	(7,604,420)
Dividend income		1,340,719	1,317,764
TOTAL INCOME (LOSS)		21,003,032	(6,462,548)
EXPENSES			
Management fees	6	(443,100)	(321,371)
Other expenses	5	(72,503)	(21,109)
TOTAL EXPENSES		(515,603)	(342,480)
NET INCOME (LOSS) FOR THE PERIOD		20,487,429	(6,805,028)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		20,487,429	(6,805,028)

The accompanying notes 1 to 11 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 2021

	2021 SR	2020 SR
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	82,385,029	74,003,922
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	20,487,429	(6,805,028)
ISSUANCE AND REDEMPTION OF UNITS		
Issuance of units during the period	90,001	-
Redemptions of units during the period	(2,994,233)	(2,673,919)
Net changes in units	(2,904,232)	(2,673,919)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	99,968,226	64,524,975

REDEEMABLE UNIT TRANSACTIONS

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

	2021 SR	2020 SR
UNITS AT THE BEGINNING OF THE PERIOD	619,017	600,878
Issuance of units during the period	581	-
Redemptions of units during the period	(21,783)	(25,430)
Net changes in units	(21,202)	(25,430)
UNITS AT THE END OF THE PERIOD	597,815	575,448

The accompanying notes 1 to 11 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 CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2021

	2021 SR	2020 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	20,487,429	(6,805,028)
<i>Adjustment to reconcile net income (loss) to net cash flows:</i>		
Movement in unrealized (gain) loss on financial assets at FVTPL	(11,107,479)	7,604,420
	9,379,950	799,392
<i>Working capital adjustments:</i>		
(Increase) decrease in financial assets at FVTPL	(4,602,307)	2,128,938
(Increase) in dividend receivables	(122,070)	(39,401)
Increase (decrease) in accrued management fees and other expenses	12,782	(10,177)
Net cash flows from operating activities	4,668,355	2,878,752
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	90,001	-
Payment on redemption of units	(2,994,233)	(2,673,919)
Net cash flows used in financing activities	(2,904,232)	(2,673,919)
NET INCREASE IN BANK BALANCE	1,764,123	204,833
Bank balance at the beginning of the period	172,340	816,023
BANK BALANCE AT THE END OF THE PERIOD	1,936,463	1,020,856

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

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”) detailing requirements for all investment 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 12/7/1442H. Corresponding to 24/2/2021G (the “Amended Regulations”).

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 2021 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 2020.

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 2020, except for the adoption of new standards effective as of 1 January 2021. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Fund.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

The amendments include the following practical expedients:

- a) A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- b) Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- c) Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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 2021 (Unaudited)			
	% of market Value	Cost SR	Market value SR	Unrealized gain/loss SR
<u>Sectors</u>				
Materials	27.28%	20,188,441	26,734,335	6,545,894
Banks	23.69%	13,684,007	23,214,995	9,530,988
Telecommunication services	10.35%	9,522,639	10,141,479	618,840
Food and Beverages	7.13%	6,178,653	6,986,640	807,987
Utilities	6.81%	5,208,855	6,673,678	1,464,823
Healthcare Equip & Services	5.80%	4,008,969	5,679,616	1,670,647
Insurance	5.32%	4,408,543	5,217,382	808,839
Energy	4.90%	4,711,367	4,799,293	87,926
Retailing	2.89%	1,795,461	2,831,981	1,036,520
Food and Staples Retailing	2.16%	1,481,941	2,117,796	635,855
Real estate, management and development	1.24%	894,013	1,210,796	316,783
Pharma, boitech and life science	1.20%	594,557	1,179,792	585,235
REITS	0.79%	648,325	770,095	121,770
Transportation	0.44%	452,382	445,730	(6,652)
	100.00%	73,778,153	98,003,608	24,225,455

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

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

Description	31 December 2020 (Audited)			
	% of market Value	Cost SR	Market value SR	Unrealised gain SR
Materials	27.90%	20,503,510	22,956,734	2,453,224
Banks	19.54%	11,734,422	16,076,132	4,341,710
Telecommunication services	11.93%	7,502,984	9,819,257	2,316,273
Food and beverage	7.12%	5,851,433	5,862,547	11,114
Utilities	6.78%	5,290,646	5,581,351	290,705
Insurance	6.27%	4,418,945	5,163,429	744,484
Energy	5.55%	4,431,149	4,566,183	135,034
Health care equipment and services	4.92%	3,219,692	4,048,483	828,791
Retailing	4.48%	2,741,051	3,684,056	943,005
Food & staples retailing	2.54%	1,401,641	2,088,828	687,187
Real estate, management and development	1.88%	1,449,700	1,549,768	100,068
Pharma, boitech and life science	1.09%	630,673	897,054	266,381
	100.00%	69,175,846	82,293,822	13,117,976

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

The movement of financial assets at fair value through profit and loss is as follow:

	30 June 2021 SR (Unaudited)	30 June 2020 SR (Unaudited)
Fair value as at the beginning of the period	82,293,822	73,256,402
Net sales of financial assets at FVPTL	(3,952,527)	(1,953,046)
Net realized gain (loss) on financial assets at FVPTL	8,554,834	(175,892)
Net unrealized gain (loss) on financial assets at FVPTL	11,107,479	(7,604,420)
Fair value as at the end of period	98,003,608	63,523,044

5. OTHER EXPENSES

	For the six-month period ended 30 June	
	2021 SR	2020 SR
Value added tax	67,253	16,309
Transaction fees	5,250	4,800
	72,503	21,109

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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

6. 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 443,100 (2020: SR 321,371) reflected in the statement of the interim condensed comprehensive income represent the fees charged by the Fund Manager during the period as prescribed above.

	30 June 2021	31 December 2020
Accrued management fees	81,664	80,041

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

	30 June 2021 Units	31 December 2020 Units
Held by the fund manager	75,569	75,569

7. 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 MSCI Saudi Arabia Select Min Vol Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

8. 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:

As at 30 June 2021 (Unaudited)	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at FVTPL	98,003,608	-	98,003,608
Dividend receivable	122,070	-	122,070
Bank balance	1,936,463	-	1,936,463
TOTAL ASSETS	100,062,141	-	100,062,141
LIABILITIES			
Accrued management fees	81,664	-	81,664
Accrued other expenses	12,250	-	12,250
TOTAL LIABILITIES	93,914	-	93,914
As at 31 December 2020 (Audited)	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at FVTPL	82,293,822	-	73,256,402
Bank balance	172,340	-	816,023
TOTAL ASSETS	82,466,162	-	74,072,425
LIABILITIES			
Accrued management fees	80,041	-	80,041
Accrued other expenses	1,092	-	1,092
TOTAL LIABILITIES	81,133	-	81,133

9. LAST VALUATION DAY

The last valuation day of the period / year was 30 June 2021 (2020: 31 December 2020).

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

10. 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.

The impact of the pandemic on the Fund’s operations and financial results till the date of the unaudited 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.

11. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund’s management on 8 Muharram 1443H (corresponding to 16 August 2021).