

ASHMORE SAUDI EQUITY FUND
(An open-ended mutual fund)
Managed by
Ashmore Investment Saudi Arabia
INTERIM CONDENSED FINANCIAL STATEMENTS
For the period ended 30 June 2021
together with the
Independent auditor's review report

ASHMORE SAUDI EQUITY FUND
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INTERIM CONDENSED FINANCIAL STATEMENTS
For the period ended 30 June 2021

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KPMG Professional Services

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's review report on the interim condensed financial statements

To the unitholders of Ashmore Saudi Equity Fund

Introduction

We have reviewed the accompanying 30 June 2021 interim condensed financial statements of **Ashmore Saudi Equity Fund** ("the Fund"), managed by Ashmore Investment Saudi Arabia ("the Fund Manager"), which comprises:

- the interim condensed statement of financial position as at 30 June 2021;
- the interim condensed statement of comprehensive income for the six months period ended 30 June 2021;
- the interim condensed statement of changes in net assets (equity) attributable to the unitholders for the six months period ended 30 June 2021;
- the interim condensed statement of cash flows for the six months period ended 30 June 2021; and
- the notes to the interim condensed financial statements.

The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. 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 the International Standard on Review Engagements 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 the 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 30 June 2021 interim condensed financial statements of **Ashmore Saudi Equity Fund** are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Fahad Mubark Aldossari
License no: 469

10 Muharram 1443H
Corresponding to: 18 August 2021



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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (١٥.٠٠٠.٠٠٠) ريال سعودي مغفوع بالكامل، ائسمة سابقاً "الشركة كي بي إم جي الفوزان وشركاه محاسبون ومرجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي. المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة تجلزية محدودة بضمان. جميع الحقوق محفوظة.

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021
(Amounts in SAR)

	<i>Note</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents		899,381	1,672,260
Investments measured at fair value through profit or loss (FVTPL)	7	31,180,454	24,124,608
Dividend receivable		52,053	--
Total assets		32,131,888	25,796,868
<u>LIABILITY</u>			
Trade payable	8	--	510,482
Accrued expenses	9	62,960	60,173
Total liabilities		62,960	570,655
Net assets (equity) attributable to the unitholders		32,068,928	25,226,213
Units in issue (numbers)		1,692,107	1,692,107
Net assets (equity) value attributable to each unit – IFRS	17	18.9521	14.9082
Net assets (equity) value attributable to each unit – Dealing	17	18.9521	14.9082

The accompanying notes (1) to (20) form an integral part of these interim condensed financial statements.

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the period ended 31 June 2021
(Amounts in SAR)

	<i>Notes</i>	For the six months period ended 30 June	
		2021	2020
<u>INCOME</u>			
Net gains / (losses) from investments measured at FVTPL	<i>10</i>	6,738,901	(2,190,153)
Dividend income		377,744	287,142
		7,116,645	(1,903,011)
<u>EXPENSES</u>			
Management fee	<i>11,12</i>	201,895	133,551
Custody fee	<i>12</i>	12,114	8,013
Administration fee	<i>12</i>	7,268	4,808
Other expenses	<i>13</i>	52,653	62,122
		273,930	208,494
Net income / (loss) for the period		6,842,715	(2,111,505)
Other comprehensive income		--	--
Total comprehensive income / (loss) for the period		6,842,715	(2,111,505)

The accompanying notes (1) to (20) form an integral part of these interim condensed financial statements.

ASHMORE SAUDI EQUITY FUND
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INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)
For the period ended 30 June 2021
(Amounts in SAR)

	For the six months period ended 30 June	
	2021	2020
Net assets (equity) attributable to the unitholders at beginning of the period	25,226,213	22,770,669
Total comprehensive income / (loss) for the period	6,842,715	(2,111,505)
Net assets (equity) attributable to the unitholders at end of the period	32,068,928	20,659,164

UNITS TRANSACTIONS

Transactions in units for the year are summarised as follows:

	For the six months period ended 30 June	
	2021	2020
	<i>(In units)</i>	<i>(In units)</i>
Units at beginning and end of the period	1,692,107	2,578,600

The accompanying notes (1) to (20) form an integral part of these interim condensed financial statements.

ASHMORE SAUDI EQUITY FUND
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
For the period ended 30 June 2021
(Amounts in SAR)

	For the six months period ended 30 June	
<u>Note</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year	6,842,715	(2,111,505)
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>		
Unrealised (gains) / loss from investments measured at FVTPL	<i>10</i> (2,314,681)	1,578,287
	4,528,034	(533,218)
Net changes in operating assets and liabilities		
(Increase) / decrease in investments measured at FVTPL	(4,741,165)	480,336
Increase in trade receivable	--	(1,382,034)
Increase in dividend receivable	(52,053)	--
(Decrease) / increase in trade payable	(510,482)	1,345,529
Increase / (decrease) in accrued expenses	2,787	(2,787)
Net cash used in operating activities	(772,879)	(92,174)
Net decrease in cash and cash equivalents	(772,879)	(92,174)
Cash and cash equivalents at beginning of the period	1,672,260	879,001
Cash and cash equivalents at end of the period	899,381	786,827

The accompanying notes (1) to (20) form an integral part of these interim condensed financial statements.

ASHMORE SAUDI EQUITY FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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1. THE FUND AND ITS ACTIVITIES

Ashmore Saudi Equity Fund (“the Fund”) is an open-ended investment fund established and managed through an agreement between Ashmore Investment Saudi Arabia (“the Fund Manager”) and investors (“the Unitholders”). The Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter dated 30 Safar 1436H (corresponding to 22 December 2014). The Fund commenced its operations on 10 Rabi al-Awwal 1436H (corresponding to 5 January 2015).

The Fund’s investment objective is to achieve over the medium to long-term capital growth by investing in a diversified portfolio of equities of companies listed on the Saudi Stock Exchange (“the Tadawul”). The Fund benchmarks its performance to Tadawul and aims to provide comparatively better returns to the unitholders.

In dealing with the unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements of the Fund.

The custodian, administrator and registrar of the Fund is HSBC Saudi Arabia.

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Funds Regulations (“the Regulations”) published by CMA.

The CMA, on 17 Rajab 1442H (corresponding to 1 March 2021), has issued certain amendments to the Regulations and Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority. These amendments have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021). The Fund Manager is in the process of amending the Fund’s Terms and Conditions to reflect the amendments in the Regulations.

3. SUBSCRIPTION / REDEMPTION OF UNITS (DEALING DAY AND VALUATION DAY)

The Fund is open for subscriptions / redemptions every business day (each a “Dealing Day”) and performs valuations every Monday and Wednesday (each a “Valuation Day”). The “cut off” time for subscriptions / redemptions is 1:00pm of every Valuation Day. In case the Valuation and Dealing Day happen to fall on a day which is a public holiday in the Kingdom of Saudi Arabia, the Valuation, Dealing and Redemption Day will be on the immediate next Valuation and Dealing Day. The unit price on subscription or the unit price on redemption is represented in the Net Assets (Equity) Value (“NAV”) per unit calculated by the administrator on the next Valuation Day on which the units were subscribed or redeemed for.

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3. SUBSCRIPTION / REDEMPTION OF UNITS (DEALING DAY AND VALUATION DAY) (CONTINUED)

The NAV of the Fund for the purpose of purchase or redemption of units is calculated by subtracting from the value of the Fund's total assets value the amount of the Fund's total liabilities. The unit price is determined by dividing such resulting figure by the total number of outstanding units on the relevant Valuation Day. The unit price upon commencement of subscriptions was SAR 10.

4. BASIS OF PRESENTATION

4.1 *Statement of compliance*

These interim condensed financial statements are prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Chartered and Professional Accountants and to comply with the applicable provisions of the Investment Funds Regulations issued by CMA, the Fund's Terms and Conditions and the Information Memorandum.

The interim 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 for the year ended 31 December 2020.

4.2 *Basis of measurement*

The interim condensed financial statements have been prepared on a historical cost basis (except for investments measured at FVTPL which are stated at their fair value) using the accrual basis of accounting.

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Fund Manager is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the interim condensed financial statements continue to be prepared on the going concern basis.

The line items in the interim condensed statement of financial position have been presented in the order of liquidity.

4.3 *Functional and presentation currency*

These interim condensed financial statements are presented in Saudi Arabian Riyals ("SAR"), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest SAR.

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4. BASIS OF PRESENTATION (CONTINUED)

4.4 Use of estimates and judgements

The preparation of these interim condensed financial statements in conformity with IFRS requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020.

6. IMPACT OF CHANGES IN ACCOUNTING POLICIES

New IFRS Standards, interpretations and amendments adopted by the Fund

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The Fund Manager has assessed that these amendments have no significant impact on the Fund's interim condensed financial statements.

<u>Standard / Amendments</u>	<u>Description</u>
Amendment to IFRS 16	COVID-19-Related rent concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

Accounting standards issued but not yet effective

A number of amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Fund has not early adopted any of the forthcoming amended standards in preparing these interim condensed financial statements.

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Ashmore Investment Saudi Arabia**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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*(Amounts in SAR)***7. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

Investments measured at FVTPL represent investments in equity securities listed on Tadawul in various industry sectors as follows:

	30 June 2021 (unaudited)	
	Cost	Fair value
Materials	8,644,197	9,969,434
Banking	6,794,890	9,295,836
Energy	3,160,322	3,946,899
Healthcare	1,826,472	2,814,808
Utilities	2,229,641	2,306,166
Consumer services	1,407,812	1,571,442
Retail	937,034	1,275,869
	25,000,368	31,180,454

	31 December 2020 (audited)	
	Cost	Fair value
Banking	8,762,914	9,846,930
Industry	2,015,598	3,008,023
Retail	2,592,262	2,799,998
Food and beverages	1,944,884	2,375,945
Healthcare	1,826,225	2,302,039
Insurance	1,010,655	1,325,193
Energy	857,034	1,036,073
Material	817,630	894,907
Consumer services	432,000	535,500
	20,59,202	24,124,608

8. TRADE PAYABLE

As at 30 June 2021, the Fund has no purchased equities waiting for settlement (31 December 2020: SR 510,482).

9. ACCRUED EXPENSES

	30 June 2021 (unaudited)	31 December 2020 (audited)
Management fee	37,339	30,424
Custody fee	1,344	1,825
Administration fee	2,240	1,095
Professional fee	13,994	14,112
Other accrued expenses	8,043	12,717
	62,960	60,173

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10. NET GAINS / (LOSSES) FROM INVESTMENTS MEASURED AT FVTPL

	30 June 2021 <u>(unaudited)</u>	31 December 2020 <u>(audited)</u>
Realised gains / (losses)	4,424,220	(611,866)
Unrealised gains / (losses)	<u>2,314,681</u>	<u>(1,578,287)</u>
	<u>6,738,901</u>	<u>(2,190,153)</u>

11. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The related parties of the Fund include the Fund Manager, the Fund Board and other funds being managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the Fund Manager.

The Fund does not charge any subscription fee on subscription of units and redemption fees on redemption of units. Other expenses paid by the Fund Manager on the behalf of the Fund are recharged to the Fund as they are incurred.

In addition to the related party transactions disclosed elsewhere in these financial statements, the significant transactions with related parties for the period are as follows:

	<u>Nature of transaction</u>	<u>Transactions</u>		<u>Balance</u>	
		For the period ended 30 June 2021 <u>(unaudited)</u>	For the period ended 30 June 2020 <u>(unaudited)</u>	30 June 2021 <u>(unaudited)</u>	31 December 2020 <u>(audited)</u>
		<u>Related party</u>			
The Fund Manager	Management fee	201,895	133,551	37,339	30,424
The Fund Board	Board remuneration	4,959	4,973	4,959	--

As at 30 June 2021 and 31 December 2020, Ashmore Management Company Limited, an affiliate of the Fund Manager holds 1,692,107 units.

12. MANAGEMENT FEE AND OTHER FEES

The Fund pays management fee calculated at an annual rate of 1.25 percent per annum of the Fund's net assets (equity) attributable to unitholders. This management fee is accrued daily and paid on a monthly basis as per the Terms and Conditions of the Fund. The Fund pays custody fee, administration fee and registration fee to HSBC Saudi Arabia Limited who is the custodian, administrator and registrar of the Fund. These fees are calculated based on slab percentages linked to net assets (equity) attributable to unitholders of the Fund subject to stated minimum fee.

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13. OTHER EXPENSES

	For the six months period ended 30 June (unaudited)	
	<u>2021</u>	<u>2020</u>
Transaction fee	17,811	--
Trade settlement fee	--	28,941
Professional fee	14,257	13,053
Registration fee	9,056	8,269
Board remuneration	4,959	4,973
CMA fee	3,719	3,729
Tadawul charges	2,851	2,611
Other expenses	--	546
	<u>52,653</u>	<u>62,122</u>

14. RISK MANAGEMENT POLICIES

The Fund has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The risk management framework and policies of the Fund are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2020.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund is exposed to credit risk for its cash and cash equivalents and dividend receivable. The Fund Manager seeks to limit its credit risk by monitoring credit exposures and by dealing with only reputable counterparties.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities.

The Fund's Terms and Conditions provide for the subscriptions and redemptions of units throughout the week and it is, therefore, exposed to the liquidity risk of meeting unitholders redemptions. As at 30 June 2021 and 31 December 2020, the Fund's cash and cash equivalents, investments measured at FVTPL and dividend receivable are considered to be short-term in nature and readily realisable. The Fund Manager monitors liquidity requirements on a regular basis and seeks to ensure that funds are available to meet commitments as they arise.

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14. RISK MANAGEMENT POLICIES (CONTINUED)

Market risk

Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates, and credit spreads – will affect the Fund's income or the fair value of its holdings in financial instruments.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective as per the Fund's Terms and Conditions. The Fund's market risk is managed on a timely basis by the investment manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a timely basis by the Fund Manager.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 are accessible by the Fund.

Financial instruments comprise financial assets and financial liabilities. The Fund's financial assets consist of financial assets held at FVTPL and financial assets measured at amortized cost. The Fund's financial liabilities consist of financial liabilities measured at amortized cost.

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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15. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below presents the investments measured at their fair values as of reporting date based on the fair value hierarchy:

30 June 2021					
	<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments measured at FVTPL	31,180,454	31,180,454	--	--	31,180,454
Total	<u>31,180,454</u>	<u>31,180,454</u>	<u>--</u>	<u>--</u>	<u>31,180,454</u>
31 December 2020					
	<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments measured at FVTPL	24,124,608	24,124,608	--	--	24,124,608
Total	<u>24,124,608</u>	<u>24,124,608</u>	<u>--</u>	<u>--</u>	<u>24,124,608</u>

During the period / year, there were no transfers between the fair value levels.

The carrying amounts of the financial assets such as cash and cash equivalents and dividend receivable approximate fair value because of their short-term nature and the high credit quality of counterparties. The carrying amount of the trade payable and accrued expenses approximate fair value because of its short-term nature. These financial instruments are categorised as Level 3.

16. LAST VALUATION DAY

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

17. NET ASSETS (EQUITY) VALUE

The CMA, through its circular dated 10 Rabi Al Thani 1439H (corresponding to 28 December 2017), has approved the Dual NAV approach for investment funds. In accordance with the circular, IFRS 9 will be applied for accounting and reporting purposes and dealing NAV will remain unaffected until further notice.

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18. IMPACT OF COVID-19

The Coronavirus (“COVID-19”) pandemic continues to disrupt global markets as many geographies are experiencing multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date.

The Fund Manager however continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, the teething effects of which may be felt for some time. The Fund Manager continues to monitor the ongoing situation closely albeit the pandemic did not have a significant impact on the financial performance of the Fund during the period ended 30 June 2021.

19. SUBSEQUENT EVENTS

There were no significant events after the reporting period that require disclosure or adjustment in these interim condensed financial statements.

20. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Fund Board on 9 Muharram 1443H (corresponding to 17 August 2021).