

**ASHMORE GCC DIVERSIFIED TRADE 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 GCC DIVERSIFIED TRADE 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 GCC Diversified Trade Fund

## Introduction

We have reviewed the accompanying 30 June 2021 interim condensed financial statements of **Ashmore GCC Diversified Trade 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 GCC Diversified Trade 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



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR (15,000,000). (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (١٥٠٠٠٠٠) ريال سعودي منافع بالكامل، لاسم سابقاً "الشركة كي بي إم جي القوزان وشركاه محاسبون وعمرالجيرون قاتونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة تجلزية محدودة بضمحل. جميع الحقوق محفوظة.

**ASHMORE GCC DIVERSIFIED TRADE FUND**  
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**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2021**  
*(Amounts in SAR)*

	<i>Note</i>	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
<b><u>ASSETS</u></b>			
Cash and cash equivalents	7	91,590,359	6,563,015
Investments measured at fair value through profit or loss (FVTPL)	8	102,467,547	58,096,510
Investments measured at amortised cost	9	148,091,983	321,862,895
<b>Total assets</b>		<b>342,149,889</b>	<b>386,522,420</b>
<b><u>LIABILITIES</u></b>			
Trade payable		501,000	--
Accrued expenses	10	212,037	247,384
<b>Total liabilities</b>		<b>713,037</b>	<b>247,384</b>
<b>Net assets (equity) attributable to the unitholders</b>		<b>341,436,852</b>	<b>386,275,036</b>
Units in issue (numbers)		<b>31,483,729</b>	<b>36,131,348</b>
Net assets (equity) value attributable to each unit -- IFRS	18	<b>10.8452</b>	10.6909
Net assets (equity) value attributable to each unit -- Dealing	18	<b>10.8452</b>	10.6945

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

**ASHMORE GCC DIVERSIFIED TRADE FUND**  
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**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**For the period ended 30 June 2021**  
*(Amounts in SAR)*

	<i>Notes</i>	<b>For the six months period ended 30 June</b>	
		<b><u>2021</u></b>	<b><u>2020</u></b>
<b><u>INCOME</u></b>			
Special commission income		<b>5,450,370</b>	10,426,353
Net gains from investments measured at FVTPL	<i>11</i>	<b>412,245</b>	2,456,850
Other income	<i>9</i>	<b>383,500</b>	--
		<b>6,246,115</b>	12,883,203
<b><u>EXPENSES</u></b>			
Management fee	<i>12, 13</i>	<b>1,001,812</b>	1,968,089
Administration fee	<i>12</i>	<b>80,145</b>	157,448
Custody fee	<i>12</i>	<b>61,055</b>	138,134
Foreign exchange losses		<b>49,942</b>	122,950
Provision for expected credit losses	<i>9</i>	<b>3,658</b>	46,092,174
Other expenses	<i>14</i>	<b>46,092</b>	926,765
		<b>1,242,704</b>	49,405,560
<b>Net income / (loss) for the period</b>		<b>5,003,411</b>	(36,522,357)
Other comprehensive income		--	--
<b>Total comprehensive income / (loss) for the period</b>		<b>5,003,411</b>	(36,522,357)

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

**ASHMORE GCC DIVERSIFIED TRADE 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)*

	<b>For the six months period ended 30 June</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Net assets (equity) attributable to the unitholders at beginning of the period</b>	<b>386,275,036</b>	<b>759,831,605</b>
Net income / (loss) for the period	<b>5,003,411</b>	<b>(36,522,357)</b>
Proceeds from issuance of units	<b>939,427</b>	<b>220,768,915</b>
Payments for redemption of units	<b>(50,781,022)</b>	<b>(393,746,778)</b>
<b>Net assets (equity) attributable to the unitholders at end of the period</b>	<b>341,436,852</b>	<b>550,331,385</b>

**UNIT TRANSACTIONS**

Transactions in units for the period are summarised as follows:

	<b>For the six months period ended 30 June</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
	<i>(In units)</i>	<i>(In units)</i>
<b>Units in issue at beginning of the period</b>	<b>36,131,348</b>	<b>67,705,674</b>
Units issued	<b>86,744</b>	<b>19,605,235</b>
Units redeemed	<b>(4,734,363)</b>	<b>(35,575,828)</b>
<b>Units in issue at end of the period</b>	<b>31,483,729</b>	<b>51,735,081</b>

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**ASHMORE GCC DIVERSIFIED TRADE FUND**  
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For the period ended 30 June 2021**  
*(Amounts in SAR)*

	<i>Note</i>	<b>For the six months period ended 30 June</b>	
		<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the period		5,003,411	(36,522,357)
<i>Adjustments to reconcile net income to net cash generated from operating activities:</i>			
Unrealised gains / (losses) from investments measured at FVTPL	11	(348,564)	652,796
Provision for expected credit losses	9	3,658	46,092,174
		<u>4,658,505</u>	<u>10,222,613</u>
<b>Net changes in operating assets and liabilities</b>			
Increase / (decrease) in investments measured at FVTPL		(44,022,473)	144,268,065
Decrease / (increase) in investments measured at amortised cost		173,767,254	(132,941,719)
Decrease in accounts receivable		--	26,000,000
Increase in accounts payable		501,000	1,000,000
(Decrease) in accrued expenses		(35,347)	(56,303)
<b>Net cash generated from operating activities</b>		<u>134,868,939</u>	<u>48,492,656</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of units		939,427	220,768,915
Payments for redemption of units		(50,781,022)	(393,746,778)
<b>Net cash (used in) / generated from financing activities</b>		<u>(49,841,595)</u>	<u>(172,977,863)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>85,027,344</b>	<b>(124,485,207)</b>
Cash and cash equivalents at beginning of the period		<u>6,563,015</u>	<u>128,251,254</u>
<b>Cash and cash equivalents at end of the period</b>	7	<u>91,590,359</u>	<u>3,766,047</u>

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the period ended 30 June 2021**

**1. THE FUND AND ITS ACTIVITIES**

Ashmore GCC Diversified Trade Fund (“the Fund”) is an open-ended investment fund established and managed through an agreement between Ashmore Investment Saudi Arabia (“the Fund Manager”) and its investors (“the Unitholders”). The Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter dated 26 Jumada Al Awwal 1437H (corresponding to 6 March 2016). The Fund commenced its operations on 12 Jumada Al Akhirah (corresponding to 21 March 2016).

The Fund aims to provide liquidity upon the investor’s request and to develop the capital by investing in short-term financial instruments, medium-term classified and non-classified GCC fixed income instruments that are compatible with Shariah standards and are approved by the Fund’s Shariah Committee. The Fund does not distribute dividends to the unitholders as investment returns are re-invested in the Fund in favour of 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 for 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 business day (each a “Valuation Day”), except for the public holidays. In case the Valuation and Dealing Day is an official holiday in the Kingdom of Saudi Arabia, the Fund’s assets are valued and the subscription / redemption requests are executed on the following Valuation and Dealing Day. The “cut off” time for the subscriptions / redemptions is 1:00 pm of every Valuation 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.

The NAV of the Fund for the purpose of purchase or redemption of units is calculated by subtracting from the value of the total Fund’s 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.



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**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.

**4.4 *Use of estimates and judgements***

The preparation of these interim condensed financial statements in accordance 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.

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**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.

**7. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following:

	<u>Note</u>	<b>30 June 2021 (unaudited)</b>	31 December 2020 (audited)
Balance with banks		8,052,563	6,563,015
Cash equivalents	7.1	83,537,796	--
		<b>91,590,359</b>	<b>6,563,015</b>

7.1 As at 30 June 2021 and 31 December 2020, the cash equivalents comprise of Murabaha placements with original maturity of less than three months and carry profit rates ranging from 4.4 percent per annum to 6.5 percent per annum.

**8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

A summary of the investment portfolio as of the period end is set out below:

	<u>Cost</u>	<u>Market value</u>
<b><u>30 June 2021 (unaudited)</u></b>		
<b>Mutual funds:</b>		
Al Rajhi Commodity SAR Fund	31,043,120	31,205,761
Riyad SAR Trade Fund	68,530,235	68,784,020
<b>Sukuk:</b>		
Morabaha Marina Financing Company Sukuk	2,477,766	2,477,766
	<b>102,051,121</b>	<b>102,467,547</b>

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**8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

	<u>Cost</u>	<u>Market value</u>
<i>31 December 2020 (audited)</i>		
<b>Mutual funds:</b>		
Al Rajhi Commodity SAR Fund	54,873,251	54,911,510
<b>Sukuk:</b>		
Morabaha Marina Financing Company Sukuk	3,143,486	3,185,000
	58,016,737	58,096,510

**9. INVESTMENTS MEASURED AT AMORTISED COST**

	<b>30 June 2021 (unaudited)</b>	31 December 2020 (audited)
<b>Money market placements:</b>		
National Bank of Ras Al-Khaimah PJSC	--	98,141,297
GFH Financial Group BSC	69,931,836	78,575,015
National Bank of Fujairah PJSC	52,438,289	61,492,878
<b>Wakala placements:</b>		
First Abu Dhabi Bank PJSC	--	133,382,024
<b>Sukuk placement:</b>		
Dar Al Arkan	25,725,516	--
	148,095,641	371,591,214
Less: Provision for expected credit losses (Note 9.1)	(3,658)	(49,728,319)
	148,091,983	321,862,895

The movement in the allowance for expected credit losses for debt securities is summarized as follows:

	<b>30 June 2021 (unaudited)</b>	31 December 2020 (audited)
Balance at the beginning of the period / year	49,728,319	29,015
Settlement of investments at amortised cost	(49,728,319)	--
Charge for the period / year	3,658	49,699,304
Balance at the end of the period / year	3,658	49,728,319

9.1 To estimate expected credit losses ("ECL") on debt investments, the Fund typically obtains probability of default ("PD") for each security from Bloomberg, the PDs of which is primarily based on the tenure and credit quality of the counterparty. The Fund also estimates a loss given default ("LGD") of 50% on average based on their expert credit judgement.

During the period, the Fund Manager has terminated its Wakala agreements outstanding as of 31 December 2020 by sending Early Termination Notice which were accepted by the First Abu Dhabi Bank PJSC ("Wakil"). The proceeds from the underlying sukuks within the Wakala agreements were determined by the Wakil based on the prevailing market value of the sukuks on the date of the termination. Therefore, the related investment along with its related allowance for ECL have been derecognized which resulted in a gain of SR 0.38 million.

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**10. ACCRUED EXPENSES**

	<b>30 June 2021 <u>(unaudited)</u></b>	31 December 2020 <u>(audited)</u>
Management fee	<b>161,667</b>	185,791
Administration fee	<b>12,933</b>	14,863
Audit fee	<b>13,993</b>	14,111
Custody fee	<b>10,278</b>	11,161
Other accrued expenses	<b>13,166</b>	21,458
	<b><u>212,037</u></b>	<u>247,384</u>

As at 30 June 2021 and 31 December 2020, other accrued expenses include charges to Fund Board meetings, Sharia review and Tadawul fees.

**11. NET GAINS FROM INVESTMENTS MEASURED AT FVTPL**

	<b>2021 <u>(unaudited)</u></b>	2020 <u>(audited)</u>
Realised gains	<b>63,681</b>	3,109,646
Unrealised gains / (losses)	<b>348,564</b>	<u>(652,796)</u>
	<b><u>412,245</u></b>	<u>2,456,850</u>

**12. MANAGEMENT FEE AND OTHER FEES**

The Fund pays management fee calculated at an annual rate of 0.5 percent per annum of the Fund's net assets (equity) attributable to the unitholders. Management fee is accrued daily and paid on a monthly basis per the Terms and Conditions of the Fund.

The Fund pays custody fee, administration fee and registration fee to HSBC Saudi Arabia. These fees are calculated based on slab percentages linked to net assets (equity) value of the Fund subject to stated minimum fee.

**13. 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 has transactions 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.

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**13. TRANSACTIONS WITH RELATED PARTIES**

The significant transactions with related parties for the period are as follows:

	<b>Nature of transaction</b>	<b>Transactions</b>		<b>Balance</b>	
		<b>For the period ended 30 June 2021 (unaudited)</b>	<b>For the period ended 30 June 2020 (unaudited)</b>	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
The Fund Manager	Management fee	<b>1,001,812</b>	1,968,089	<b>161,667</b>	185,791
The Fund Board	Board remuneration	<b>4,959</b>	4,973	<b>4,959</b>	11,423

As at 30 June 2021 and 31 December 2020, a member of the Fund Board held 4,869 units of the Fund.

**14. OTHER EXPENSES**

	<b>2021 (unaudited)</b>	<b>2020 (audited)</b>
Professional fee	<b>14,256</b>	13,054
Registration fee	<b>9,200</b>	15,128
Shariah review fee	<b>9,298</b>	9,790
Board remuneration	<b>4,959</b>	4,973
CMA fee	<b>4,660</b>	3,729
Other expenses	<b>3,719</b>	880,091
	<b>46,092</b>	<b>926,765</b>

Other expenses for the period ended 30 June 2020 mainly include charges amounting to SR 0.87 million paid by the Fund in relation to the cancellation of the Fund's Murabaha placements.

**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:

- The principal market for the asset or liability; or
- 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 of financial assets and financial liabilities. The Fund's financial assets consist of financial assets measured at FVTPL, and financial assets measured at amortised cost.

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**15. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

*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.

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

<b>30 June 2021 (unaudited)</b>					
	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments measured at FVTPL	102,467,547	99,989,781	--	2,477,766	102,467,547
Investments measured at amortised cost	148,091,983	--	--	148,091,983	148,091,983
<b>Total</b>	<b>250,559,530</b>	<b>99,989,781</b>	<b>--</b>	<b>150,569,749</b>	<b>250,559,530</b>
<b>31 December 2020 (audited)</b>					
	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments measured at FVTPL	58,096,510	54,911,510	--	3,185,000	58,096,510
Investments measured at amortised cost	321,862,895	--	--	323,815,438	323,815,438
<b>Total</b>	<b>379,959,405</b>	<b>54,911,510</b>	<b>--</b>	<b>327,000,438</b>	<b>381,911,948</b>

For level 3 investments measured at FVTPL (Sukuk), based on management assessment, the fair value is not materially different from the cost given the risk associated, terms and conditions of the investment and historical performance of the sukuk.

Other financial instruments such as cash and cash equivalents, investments measured at amortised cost (Morabaha placements), trade payable and accrued expenses are short term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties. These financial instruments are categorised as level 3.

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**16. FINANCIAL RISK MANAGEMENT**

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

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

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 investments held at amortised cost and cash and cash equivalents. 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 investments measured at amortised cost 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.

**Market risk**

Market risk is the risk that changes in market prices – such as special commission 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 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.

**17. LAST VALUATION DAY**

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

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**18. NET ASSETS (EQUITY) VALUE**

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

**19. 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).