

**ASHMORE SAUDI EQUITY FUND**  
**(An open-ended mutual fund)**  
Managed by  
**ASHMORE INVESTMENT SAUDI ARABIA**  
**Financial statements**  
For the six months period ended 30 June 2019  
together with the  
**Independent auditors' review report**



**KPMG Al Fozan & Partners**  
**Certified Public Accountants**  
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License No. 46/11/323 issued 11/3/1992

# Independent auditors' review report on the interim condensed financial statements

## To the unitholders of Ashmore Saudi Equity Fund

### Introduction

We have reviewed the accompanying 30 June 2019 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 2019;
- the interim condensed statement of comprehensive income for the six months period ended 30 June 2019;
- the interim condensed statement of changes in net assets (equity) attributable to the unitholders for the six months period ended 30 June 2019;
- the interim condensed statement of cash flows for the six months period ended 30 June 2019; and
- the notes to the interim condensed financial statements.

The Fund Manager is responsible for the preparation and presentation of these interim 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 2019 interim condensed financial statements of **Ashmore Saudi Equity Fund** ("the Fund") are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For **KPMG Al Fozan & Partners**  
**Certified Public Accountants**

  
**Khalil Ibrahim Al Sedais**  
License No: 371



27 Dhul-Qa'dah 1440H  
Corresponding to: 30 July 2019

**ASHMORE SAUDI EQUITY FUND**  
**(An open-ended mutual fund)**  
 Managed by  
**ASHMORE INVESTMENT SAUDI ARABIA**  
**Interim condensed statement of financial position**  
*(Amounts in SAR)*

	<i>Note</i>	<b>30 June 2019 (Unaudited)</b>	<b>31 December 2018 (Audited)</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents		913,851	49,611
Investments at fair value through profit or loss (FVTPL)	7	32,094,515	28,169,727
Dividend receivable		--	43,174
<b>Total assets</b>		<b>33,008,366</b>	<b>28,262,512</b>
<b><u>LIABILITY</u></b>			
Accrued expenses	8	59,219	71,677
<b>Total liabilities</b>		<b>59,219</b>	<b>71,677</b>
<b>Net assets (equity) attributable to the unitholders</b>		<b>32,949,147</b>	<b>28,190,835</b>
<b>Units in issue (numbers)</b>		<b>2,578,600</b>	<b>2,578,600</b>
<b>Net assets (equity) value attributable to each unit – IFRS</b>	17	<b>12.7779</b>	<b>10.9326</b>
<b>Net assets (equity) value attributable to each unit – Dealing</b>	17	<b>12.7779</b>	<b>10.9326</b>

The accompanying notes (1) to (19) form an integral part of these interim condensed financial statements.

These interim condensed financial statements and the accompanying disclosures are approved on behalf of the Fund Board based on the authorization issued on 30 July 2019.

  
**Saleh Al Dahmashi**  
 Chief Operating Officer

  
**Abdullah Alshwer**  
 Chief Executive Officer

**ASHMORE SAUDI EQUITY FUND**  
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**Interim condensed statement of comprehensive income (unaudited)**  
*(Amounts in SAR)*

		<b>For the six months period ended 30 June</b>	
	<i>Notes</i>	<b>2019</b>	<b>2018</b>
<b><u>INCOME</u></b>			
Net gains on investments at FVTPL	9	4,594,751	4,492,594
Dividend income		431,615	658,861
		5,026,366	5,151,455
<b><u>EXPENSES</u></b>			
Management fee	10,12	206,183	171,236
Custody fee	10,12	12,371	67,500
Administration fee	10,12	7,423	67,500
Other expenses	13	42,077	64,010
		268,054	370,246
<b>Net income for the period</b>		<b>4,758,312</b>	<b>4,781,209</b>
Other comprehensive income		--	--
<b>Total comprehensive income for the period</b>		<b>4,758,312</b>	<b>4,781,209</b>

The accompanying notes (1) to (19) form an integral part of these interim condensed financial statements.

These interim condensed financial statements and the accompanying disclosures are approved on behalf of the Fund Board based on the authorization issued on 30 July 2019.

  
**Saleh Al Dahmashi**  
 Chief Operating Officer

  
**Abdullah Alshwer**  
 Chief Executive Officer

**ASHMORE SAUDI EQUITY FUND**  
**(An open-ended mutual fund)**  
 Managed by  
**ASHMORE INVESTMENT SAUDI ARABIA**  
**Interim condensed statement of changes in net assets (equity) attributable to the unitholders**  
**(unaudited)**  
*(Amounts in SAR)*

	<b>For the six months period ended</b>	
	<b>30 June</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Net assets (equity) attributable to the unitholders at beginning of the period</b>	<b>28,190,835</b>	<b>24,588,377</b>
<b>Net income for the period</b>	<b>4,758,312</b>	<b>4,781,209</b>
<b>Net assets (equity) attributable to the unitholders at end of the period</b>	<b>32,949,147</b>	<b>29,369,586</b>

**UNITS TRANSACTIONS**

Transactions in units for the period are summarised as follows:

	<b>For the six month periods ended</b>	
	<b>30 June</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b><i>(In units)</i></b>	<b><i>(In units)</i></b>
<b>Units at beginning of the period</b>	<b>2,578,600</b>	<b>2,578,600</b>
<b>Units issued</b>	<b>--</b>	<b>--</b>
<b>Units redeemed</b>	<b>--</b>	<b>--</b>
<b>Units at end of the period</b>	<b>2,578,600</b>	<b>2,578,600</b>

The accompanying notes (1) to (19) form an integral part of these interim condensed financial statements.

**ASHMORE SAUDI EQUITY FUND**  
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**ASHMORE INVESTMENT SAUDI ARABIA**  
**Interim condensed statement of cash flows (unaudited)**  
*(Amounts in SAR)*

	<i>Note</i>	For the six months period ended 30 June	
		<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net income for the period</b>		4,758,312	4,781,209
<i>Adjustments to reconcile net income for the period to net cash generated by operating activities:</i>			
Unrealised gains on investments at FVTPL	9	<u>(4,330,476)</u>	<u>(2,322,994)</u>
		427,836	2,458,215
<b>Net changes in operating assets and liabilities</b>			
Decrease / (increase) in investments at FVTPL	7	405,688	(1,976,285)
Decrease / (increase) in dividend receivable		43,174	(26,908)
Increase in other receivables		--	(59,973)
(Decrease) / increase in accrued expenses	8	<u>(12,458)</u>	<u>38,384</u>
<b>Net cash generated by operating activities</b>		<u>864,240</u>	<u>433,433</u>
<b>Net increase in cash and cash equivalents</b>		<u>864,240</u>	<u>433,433</u>
Cash and cash equivalents at beginning of the period		<u>49,611</u>	<u>847,365</u>
<b>Cash and cash equivalents at end of the period</b>		<u>913,851</u>	<u>1,280,798</u>

The accompanying notes (1) to (19) 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 (unaudited)**  
**For the six months period ended 30 June 2019**

**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 1436 (corresponding to 22 December 2014). The Fund commenced its operations on 14 Rabi Al-Awwal 1436 (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 Fund Regulations (“the Regulations”) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended (“the Amended Regulations”) on 16 Sha’ban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations came into effect on 6 Safar 1438 H (corresponding to 6 November 2016).

**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.

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.

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**For the six months period ended 30 June 2019**

**4. BASIS OF PRESENTATION**

**4.1 *Statement of compliance***

These interim condensed financial statements are prepared in accordance with the International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation of Certified Public 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 as at 31 December 2018.

**4.2 *Basis of measurement***

The financial statements have been prepared on a historical cost basis, (except for investments 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 financial statements continue to be prepared on the going concern basis.

The line items in the 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 management to exercise its judgement in the process of applying the Funds’ 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 recognized prospectively.



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**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 2018.

**6. IMPACT OF CHANGE IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARD**

Effective 1 January 2019, the Fund has adopted IFRS 16 Leases. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model. The impact upon adoption of IFRS 16 was not material to the Fund's interim condensed financial statements.

**7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

	<b>30 June 2019</b>	
	<u>Cost</u>	<u>Fair value</u>
Banking	10,538,263	14,880,609
Retailing	3,557,340	3,467,006
Material	2,819,549	3,067,120
Insurance	2,143,388	2,893,264
Industry	2,300,428	2,363,425
Healthcare	2,295,595	2,285,400
Food and beverages	2,446,570	2,214,355
Real estate	928,694	923,336
	<u>27,029,827</u>	<u>32,094,515</u>

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**7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**

	31 December 2018	
	<u>Cost</u>	<u>Fair value</u>
Banking	9,626,089	11,758,331
Material	3,946,192	3,557,385
Industry	1,463,926	1,023,367
Insurance	1,896,462	2,393,388
Food and beverages	3,659,004	3,046,233
Consumer services	3,858,690	3,594,056
Healthcare	2,985,153	2,796,967
	<u>27,435,516</u>	<u>28,169,727</u>

**8. ACCRUED EXPENSES**

	<b>30 June 2019</b>	31 December 2018
Management fee	<b>35,383</b>	29,951
Custody fee	<b>2,123</b>	11,250
Administration fee	<b>1,274</b>	11,250
Audit fee	<b>12,755</b>	11,613
Other accrued expenses	<b>7,684</b>	7,613
	<u><b>59,219</b></u>	<u>71,677</u>

**9. NET GAINS ON INVESTMENTS AT FVTPL**

	<b>For the six months period ended 30 June</b>	
	<u><b>2019</b></u>	<u><b>2018</b></u>
Realised gains on disposal of investments at FVTPL	<b>264,275</b>	2,169,600
Unrealised gains / (losses) on the revaluation of investments at FVTPL	<b>4,330,476</b>	2,322,994
	<u><b>4,594,751</b></u>	<u>4,492,594</u>

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**10. 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's 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 behalf of the Fund are recharged to the Fund as they are incurred.

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

<u>Related party</u>	<u>Nature of transaction</u>	<u>Transactions</u>		<u>Balance</u>	
		<u>30 June 2019</u>	<u>30 June 2018</u>	<u>30 June 2019</u>	<u>31 December 2018</u>
The Fund Manager	Management fee	<b>206,183</b>	171,236	<b>35,383</b>	29,951
The Fund Board	Board remuneration	<b>4,959</b>	4,959	<b>4,959</b>	--
HSBC Saudi Arabia <i>(Custodian,</i>	Custody fees	<b>12,371</b>	67,500	<b>2,123</b>	11,250
<i>administrator and</i>	Administration fee	<b>7,423</b>	67,500	<b>1,274</b>	11,250
<i>registrar of the Fund)</i>	Registration fee	<b>8,269</b>	7,875	<b>1,378</b>	1,313

As at 30 June 2019, Ashmore Management Company Limited, an affiliate of the Fund Manager holds 1,692,107 units (31 December 2018: 1,692,107 units) of the Fund.

**11. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The table below sets out the classifications of the carrying amounts of the Fund's financial assets and financial liabilities into the following categories of financial instruments:

<u>30 June 2019</u>	<u>Amortised cost</u>	<u>FVTPL</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	<b>913,851</b>	--
Investments	--	<b>32,094,515</b>
<b>Total Assets</b>	<b>913,851</b>	<b>32,094,515</b>
<b><u>LIABILITIES</u></b>		
Accrued expenses	<b>59,219</b>	--
<b>Total Liabilities</b>	<b>59,219</b>	--

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**11. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES  
(CONTINUED)**

<u>31 December 2018</u>	<i>Amortised cost</i>	<i>FVTPL</i>
<u>ASSETS</u>		
Cash and cash equivalents	49,611	--
Investments	--	28,169,727
Dividend receivable	43,174	--
Total Assets	<u>92,785</u>	<u>28,169,727</u>
<u>LIABILITIES</u>		
Accrued expenses	71,677	--
Total Liabilities	<u>71,677</u>	<u>--</u>

**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 the unitholders. This 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 who is the custodian, administrator and registrar of the Fund. These fees are calculated based on slab percentages linked to net assets (equity) value of the Fund subject to a stated minimum fee.

**13. OTHER EXPENSES**

	<b>For the six months period ended 30 June</b>	
	<u>2019</u>	<u>2018</u>
Professional fee	13,017	13,017
Transaction fee	9,509	15,504
Registration fee	8,269	8,269
Board remuneration	4,959	4,959
CMA fee	3,719	3,719
Tadawul charges	2,604	2,603
VAT expense	--	15,939
	<u>42,077</u>	<u>64,010</u>

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**14. FAIR VALUES 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 of financial assets and financial liabilities. The Fund's financial assets consist of financial assets held at FVTPL, and financial assets measured at amortise 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

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 2019</b>				
		<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at	FVTPL	32,094,515	32,094,515	--	--	32,094,515
Total		<u>32,094,515</u>	<u>32,094,515</u>	<u>--</u>	<u>--</u>	<u>32,094,515</u>
		<b>31 December 2018</b>				
		<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at	FVTPL	28,169,727	28,169,727	--	--	28,169,727
Total		<u>28,169,727</u>	<u>28,169,727</u>	<u>--</u>	<u>--</u>	<u>28,169,727</u>

During the periods presented, there were no transfers between the fair value levels.

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**14. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

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 accrued expenses approximates fair value because of its short-term nature.

**15. FINANCIAL RISK MANAGEMENT**

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

- credit risk;
- liquidity risk;
- market risks; and
- operational 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 Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises units of equity shares of listed company.

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Fund Board on a semi-annual basis.

In instances where the portfolio has diverged from target asset allocations, the Fund's investment manager is obliged to take actions to rebalance the portfolio in line with the established targets, within the prescribed time limits.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained further below.

***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.

The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet certain credit standards.

Credit risk is monitored on a regular basis by the Fund Manager to ensure it is in line with the investment guidelines of the Fund Board.

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**15. RISK MANAGEMENT POLICIES (CONTINUED)**

***Credit risk (continued)***

The Fund's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For all of transactions, the Fund mitigates this risk by conducting settlements through a regulated broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	<b>30 June <u>2019</u></b>	31 December <u>2018</u>
Cash and cash equivalents	<b>913,851</b>	49,611
Dividend receivable	--	43,174
<b>Total exposure to credit risk</b>	<b><u>913,851</u></b>	<u>92,785</u>

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the 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 2019 and 31 December 2018, the Fund's cash and cash equivalents, investments 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.

***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.

**ASHMORE SAUDI EQUITY FUND**  
**(An open-ended mutual fund)**  
 Managed by  
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**Notes to the interim condensed financial statements (unaudited)**  
**For the six months period ended 30 June 2019**  
*(Amounts in SAR)*

**15. RISK MANAGEMENT POLICIES (CONTINUED)**

***Equity price risk***

Equity price risk is the risk that the value of the financial instruments will fluctuate because of changes in market prices.

The Fund's investments are susceptible to equity price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of geographical distribution and industry concentration.

***Sensitivity analysis***

The table below sets out the effect on equity attributable to the unitholders of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at the reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular commission and foreign currency rates, remain constant.

	<b>30 Jun 2019</b>		<b>31 December 2018</b>	
<b><i>Net gain / (loss) on investments at FVTPL</i></b>	<b>+ 5%</b>	<b>1,604,726</b>	<b>+ 5%</b>	<b>1,405,239</b>
	<b>- 5%</b>	<b>(1,604,726)</b>	<b>- 5%</b>	<b>(1,405,239)</b>

**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Fund Board. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers.

**16. LAST VALUATION DAY**

The last valuation day of the period was 30 June 2019 (2018: 30 June 2018).

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

The Capital Market Authority (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 the dealing NAV will remain unaffected until further notice.



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**18. SUBSEQUENT EVENTS**

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

**19. DATE OF AUTHORISATION**

These interim condensed financial statements were authorised for issue by the Fund Board on 27 Dhul-Qa'dah 1440H (corresponding to 30 July 2019).