

ASHMORE SAUDI EQUITY FUND
(An open-ended mutual fund)
Managed by
Ashmore Investment Saudi Arabia
Financial statements
For the year ended 31 December 2022
together with the
Independent auditor's report

ASHMORE SAUDI EQUITY FUND
(An open-ended mutual fund)
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FINANCIAL STATEMENTS
For the year ended 31 December 2022

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٤٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report

To the unitholders of Ashmore Saudi Equity Fund

Opinion

We have audited the financial statements of Ashmore Saudi Equity Fund ("the Fund"), managed by Ashmore Investment Saudi Arabia ("the Fund Manager"), which comprise of the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Fund Manager and those charged with governance for the financial statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and compliance with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority, the Fund's Terms and Conditions and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund Board, is responsible for overseeing the Fund's financial reporting process.

Independent auditor's report

To the unitholders of Ashmore Saudi Equity Fund (continued)

Auditor's responsibilities for the audit of the financial statements

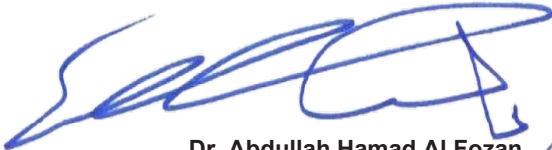
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of the Fund.

KPMG Professional Services



Dr. Abdullah Hamad Al Fozan
License no: 348

Riyadh: 6 Ramadan 1444H
Corresponding to: 28 March 2023



ASHMORE SAUDI EQUITY FUND
(An open-ended mutual fund)
 Managed by
Ashmore Investment Saudi Arabia
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Amounts in SAR)

	<i><u>Notes</u></i>	31 December 2022	31 December <u>2021</u>
<u>ASSETS</u>			
Cash and cash equivalents		3,584,765	922,601
Investments measured at fair value through profit or loss (“FVTPL”)	7	35,050,869	35,315,859
Other assets	8	--	453,050
Total assets		38,635,634	36,691,510
<u>LIABILITIES</u>			
Trade payable	9	--	69,524
Accrued expenses	10	62,799	74,918
Total liabilities		62,799	144,442
Net assets (equity) attributable to the unitholders		38,572,835	36,547,068
Units in issue (numbers)			
Class A		291,459	1,692,107
Class B		1,405,304	--
Net assets (equity) value attributable to each unit			
– IFRS			
Class A		22.67	21.60
Class B		22.75	--
Net assets (equity) value attributable to each unit			
– Dealing			
Class A		22.67	21.60
Class B		22.75	--

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

ASHMORE SAUDI EQUITY FUND
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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022
(Amounts in SAR)

<u>INCOME</u>	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Net gains on investments measured at FVTPL	<i>11</i>	1,446,460	11,218,085
Dividend income		1,103,316	700,010
		<u>2,549,776</u>	<u>11,918,095</u>
<u>EXPENSES</u>			
Management fee	<i>12,13</i>	488,103	456,482
Custody fee	<i>13</i>	35,904	27,389
Administration fee	<i>13</i>	21,542	16,433
Other expenses	<i>14</i>	88,588	96,936
		<u>634,137</u>	<u>597,240</u>
Net income for the year		1,915,639	11,320,855
Other comprehensive income		--	-
Total comprehensive income for the year		<u>1,915,639</u>	<u>11,320,855</u>

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

ASHMORE SAUDI EQUITY FUND
(An open-ended mutual fund)
 Managed by
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STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE
UNITHOLDERS
For the year ended 31 December 2022
(Amounts in SAR)

	<u>2022</u>	<u>2021</u>
Net assets (equity) attributable to the unitholders at beginning of the year	36,547,068	25,226,213
Net income for the year	1,915,639	11,320,855
Proceeds from issuance of units		
Class A	5,474,438	1,500,000
Class B	41,300,417	
	46,774,855	1,500,000
Payment for redemption of units		
Class A	(41,300,417)	(1,500,000)
Class B	(5,364,310)	
	(46,664,727)	(1,500,000)
Net contribution by the Unitholders	110,128	--
Net assets (equity) attributable to the unitholders at end of the year	38,572,835	36,547,068

UNITS TRANSACTIONS

Transactions in units for the year are summarized as follows:

	2022		2021
	Class A	Class B	
	(In numbers)	(In numbers)	(In numbers)
Units at beginning of the year	1,692,107	--	1,692,107
Units issued	224,680	1,625,328	66,778
Units redeemed	(1,625,328)	(220,024)	(66,778)
Units at end of the year	291,459	1,405,304	1,692,107

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

ASHMORE SAUDI EQUITY FUND
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STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(Amounts in SAR)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Net income for the year		1,915,639	11,320,855
<i>Adjustments to reconcile net income to net cash generated from operating activities:</i>			
Unrealised (gains) / losses on investments measured at FVTPL	11	<u>4,751,516</u>	<u>(2,783,084)</u>
		6,667,155	8,537,771
Net changes in operating assets and liabilities			
Increase in investments measured at FVTPL		(4,486,526)	(8,408,167)
(Increase) / decrease in other assets		453,050	(453,050)
(Decrease) / increase in trade payables		(69,524)	(440,958)
(Decrease) / increase in accrued expenses		<u>(12,119)</u>	<u>14,745</u>
Net cash generated from operating activities		2,552,036	(749,659)
Cash flow from financing activities			
Proceeds from issuance of units		46,774,855	1,500,000
Payments for redemption of units		<u>(46,664,727)</u>	<u>(1,500,000)</u>
Net cash generated from financing activities		110,128	-
Net increase / (decrease) in cash and cash equivalents		2,662,164	(749,659)
Cash and cash equivalents at beginning of the year		<u>922,601</u>	<u>1,672,260</u>
Cash and cash equivalents at end of the year		<u>3,584,765</u>	<u>922,601</u>

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

ASHMORE SAUDI EQUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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.

During the period the Fund revised its terms and conditions on 20 April 2022 which incorporates the establishment of the Class B units with a minimum subscription amount of SR 10,000,000. The Fund Manager obtained approval from the CMA for this revision on 20 April 2022. After the resultant approval, both Class A and Class B units were available to be subscribed and enabled certain unitholders to redeem their Class A units and subsequently subscribe for Class B units. Furthermore, the fund management fee was revised where the Fund Manager charges the Fund a management fee of 1.25% and 0.80% of the net assets (equity) value of Class A and Class B units respectively at each valuation day.

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.

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 and dealing 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.

ASHMORE SAUDI EQUITY FUND
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4. BASIS OF PRESENTATION

4.1 *Statement of compliance*

These financial statements are prepared in accordance with the International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia, other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and comply with the applicable requirements of the Investment Funds Regulations issued by the CMA, the Fund’s Terms and Conditions.

4.2 *Basis of measurement*

The 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 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 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 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 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 recognised prospectively. Fund does not contain any significant judgements and no estimates were applied during the preparation of the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Financial assets and financial liabilities

Recognition and initial measurement

Financial assets and financial liabilities at FVTPL are initially recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Financial assets at FVTPL are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets not at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (“FVOCI”) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in FVOCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

As at 31 December 2022 and 2021, the Fund’s financial assets are cash and cash equivalent and investments measured at FVTPL.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and the information is provided to the Fund Manager.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing the financial assets.

Expected credit losses

Expected Credit Loss ("ECL") is a probability-weighted estimate of credit risk and is recognized on debt financial assets measured at amortised cost and FVOCI based on estimating the probability of default ("PD") and loss given default ("LGD") for a given counterparty exposure for the Fund.

Classification of financial liabilities

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL.

Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Transactions in which the Fund transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or portion of them, the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

Transactions in which the Fund neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Fund derecognises a financial liability when its contractual obligations are either discharged or cancelled or expire.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Net gains on investments measured at FVTPL

Net gains on investments measured at FVTPL includes all realised and unrealised fair value changes and foreign exchange differences (if any), but excludes special commission and dividend income.

Net realised gains from financial instruments at FVTPL is calculated using the weighted average cost method.

Dividend income

Dividend income is recognised in comprehensive income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVTPL is recognised in comprehensive income in a separate line item.

Fees and other expenses

Fees and other expenses are recognised in comprehensive income as the related services are received.

Zakat and income tax

Under the current system of taxation in Kingdom of Saudi Arabia the Fund is not liable to pay any zakat or income tax. Zakat and income tax are considered to be the obligation of the unitholders and are not provided in the accompanying financial statements.

The Value Added Tax (“VAT”) applicable for fees and expenses are recognised in the statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from similar investment transactions such as in the Fund’s trading activity.

Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks.

Fair value measurement

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a mid price, because this price provides a reasonable approximation of the exit price.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Subscription and redemption on units

Units subscribed and redeemed are recorded at net asset (equity) value per unit on the Valuation Day for which the subscription request and redemption applications are received.

Redeemable units

The redeemable units are as equity instruments as they meet certain strict criteria. Those criteria include:

- the redeemable units must entitle the holder to a pro-rata share of net assets;
- the redeemable units must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the redeemable units over its life must be based substantially on the profit or loss of the issuer.

Net assets (equity) value

Net assets (equity) value per unit, as disclosed in the statement of financial position is calculated by dividing the net assets (equity) of the Fund by the numbers of units in issue as at the period end.

6. IMPACT OF CHANGE 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 2022. The Fund Manager has assessed that these amendments have no significant impact on the Fund's financial statements.

- COVID-19 - Related Rent Concessions (Amendments to IFRS 16);
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements to IFRS Standards 2018–2021 (Amendment to IFRS 1, IFRS 9, IAS 41 and IFRS 16);

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(Amounts in SAR)

6. IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Accounting standards issued but not yet effective

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Fund's accounting year beginning on or after 1 January 2023 are listed below.

The Fund has opted not to early adopt these pronouncements and do not expect these to have significant impact on the financial statements.

- IFRS 17 - Insurance contracts, as amended in December 2021;
- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities;
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- Amendments to IFRS 10 and IAS 28;
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction.

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:

	31 December 2022	
	<u>Cost</u>	<u>Fair value</u>
Banking	9,775,983	11,683,508
Basic Material	9,111,210	6,722,872
Healthcare	1,678,021	3,491,547
Consumer Services	2,909,522	3,009,781
Energy	4,478,732	4,517,587
Media and entertainment	607,500	650,025
Food & Staples retailing	1,055,336	1,346,963
Insurance	932,050	961,591
Capital goods	2,152,492	2,294,428
Retailing	453,050	372,567
	<u>33,153,896</u>	<u>35,050,869</u>

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

	31 December 2021	
	Cost	Fair value
Banking	8,306,764	11,893,945
Basic Material	6,421,154	6,353,496
Healthcare	1,826,472	2,864,564
Consumer Services	1,935,812	2,754,752
Utilities	4,807,159	5,275,905
Energy	4,503,368	5,307,472
Media and entertainment	607,500	614,790
Food & Staples retailing	259,141	250,935
	28,667,370	35,315,859

8. OTHER ASSETS

As at 31 December 2021, the Fund disposed equities waiting for settlement amounting to SR 0.45 million.

9. TRADE PAYABLE

As at 31 December 2021, the Fund purchased equities waiting for settlement amounting to SR 69,524.

10. ACCRUED EXPENSES

	31 December 2022	31 December 2021
Management fee	32,188	43,602
Custody fee	2,754	1,570
Administration fee	1,653	2,616
Audit fee	14,112	14,112
Other accrued expenses	12,092	13,018
	62,799	74,918

11. NET GAINS ON INVESTMENTS MEASURED AT FVTPL

	31 December 2022	31 December 2021
Realised gains	6,197,976	8,435,001
Unrealised gains / (losses)	(4,751,516)	2,783,084
	1,446,460	11,218,085

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12. 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:

	Nature of transaction	Transactions		Balance	
		For the year ended 31 December 2022	For the year ended 31 December 2021	31 December 2022	31 December 2021
Related party					
The Fund Manager	Management fee	488,103	456,482	32,188	43,602
The Fund Board	Board remuneration	10,000	10,000	10,000	10,000

As at 31 December 2022, Ashmore Management Company Limited, an affiliate of the Fund Manager holds Class B 1,405,305 units (31 December 2021: 1,692,107 units).

13. MANAGEMENT FEE AND OTHER FEES

The Fund pays management fee calculated at an annual rate of 1.25 and 0.80 percent per annum of the Fund's net assets (equity) attributable to unitholders of Class A and Class B units respectively, based on the applicable appointment of net assets. 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 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 stated minimum fee.

14. OTHER EXPENSES

	2022	2021
Professional fee	28,750	28,750
Transaction fee	13,735	26,565
Registration fee	19,277	18,371
Board remuneration	10,000	10,000
CMA fee	7,500	7,500
Tadawul charges	9,326	5,750
	88,588	96,936

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15. RISK MANAGEMENT POLICIES

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 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 companies.

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 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 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. 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 the 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.

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 honor 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.

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15. RISK MANAGEMENT POLICIES (CONTINUED)

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

	31 December <u>2022</u>	31 December <u>2021</u>
Cash and cash equivalents	3,584,765	922,601
Other assets	--	453,050
Total exposure to credit risk	<u>3,584,765</u>	<u>1,375,651</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 31 December 2022, the Fund's cash and cash equivalents and investments measured at FVTPL 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.

Equity price risk

Equity price risk is the risk that the value of 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 industry concentration

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15. RISK MANAGEMENT POLICIES (CONTINUED)

Sensitivity analysis

The table below sets out the effect on Fund's statement of comprehensive income of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at 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.

	December 2022		December 2021	
<i>Net gain / (loss) on investments measured at FVTPL</i>	+5%	1,752,543	+ 5%	1,765,793
	-5%	(1,752,543)	- 5%	(1,765,793)

16. 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 amortize 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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16. 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:

		31 December 2022				
		Carrying Value	Level 1	Level 2	Level 3	Total
Investments measured at FVTPL		35,050,869	35,050,869	--	--	35,050,869
Total		35,050,869	35,050,869	--	--	35,050,869
		31 December 2021				
		Carrying Value	Level 1	Level 2	Level 3	Total
Investments measured at FVTPL		35,315,859	35,315,859	--	--	35,315,859
Total		35,315,859	35,315,859	--	--	35,315,859

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

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

17. LAST VALUATION DAY

The last valuation day of the year was 31 December 2022 (2021: 31 December 2021).

18. 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.

The NAV per unit of the Fund is presented as follows:

		31 December 2022		31 December 2021
		Class A	Class B	Class A
Apportioned NAV		6,608,712	31,964,123	36,547,068
NAV per unit		22.67	22.75	21.60

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19. SUBSEQUENT EVENTS

There were no other subsequent events after the statement of financial position date which require adjustments to/or disclosure in the financial statements

20. DATE OF AUTHORISATION

These financial statements were authorized for issue by the Fund Board on 1 Ramadan 1444H (corresponding to 23 March 2023).