

**Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia  
Company)**

**UNAUDITED INTERIM CONDENSED FINANCIAL  
STATEMENTS AND REVIEW REPORT**

**30 JUNE 2022**



Ernst & Young Professional Services (Professional LLC)  
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)  
Head Office  
Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
King Fahad Road  
P.O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730

[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

**Independent auditor's review report on the interim condensed financial statements  
To the Unitholders of Morgan Stanley Saudi Equity Fund (Managed by Morgan Stanley  
Saudi Arabia Company)**

**Introduction:**

We have reviewed the accompanying interim condensed statement of financial position of Morgan Stanley Saudi Equity Fund (the "Fund") managed by Morgan Stanley Saudi Arabia Company (the "Fund Manager") as at 30 June 2022, and the related interim condensed statements of comprehensive income, cash flows and changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review:**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young Professional Services

Waleed G. Tawfiq  
Certified Public Accountant  
License No. (437)

Riyadh: 17 Muharram 1444H  
(15 August 2022)



Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 SR	31 December 2021 SR
<b>ASSETS</b>			
Bank balance		1,573,497	3,267,059
Financial assets at fair value through profit or loss (FVTPL)	5	68,821,110	62,960,819
Other assets		68,284	-
<b>TOTAL ASSETS</b>		<b>70,462,891</b>	<b>66,227,878</b>
<b>LIABILITIES</b>			
Management fee payable	6	243,750	212,189
Accrued expenses	7	171,976	113,327
<b>TOTAL LIABILITIES</b>		<b>415,726</b>	<b>325,516</b>
<b>EQUITY</b>			
Net asset attributable to Unitholders of redeemable units		70,047,165	65,902,362
Redeemable units in issue		100,867	100,867
Net asset value attributable to per unit		694.45	653.36

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

	<i>Notes</i>	<i>For the six-month period ended</i>	
		<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>SR</b>	<b>SR</b>
<b>INCOME</b>			
Net unrealised (loss) gain on financial assets at FVTPL		<b>(3,918,667)</b>	10,377,016
Net realised gain on financial assets at FVTPL		<b>7,892,693</b>	5,348,609
Dividend income		<b>891,495</b>	791,894
		<b>4,865,521</b>	16,517,519
<b>EXPENSES</b>			
Management fee	6	<b>471,103</b>	344,968
Other expenses	8	<b>249,615</b>	196,626
		<b>720,718</b>	541,594
<b>Profit for the period</b>		<b>4,144,803</b>	15,975,925
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>4,144,803</b>	15,975,925

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)  


---

INTERIM CONDENSED STATEMENT OF CASH FLOWS  
For the six-month period ended 30 June 2022

	<i>For the six-month period ended</i>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>SR</b>	<b>SR</b>
<b>Operating activities</b>		
Profit for the period	<b>4,144,803</b>	15,975,925
Adjustments for:		
Net unrealized loss (gain) on financial assets at FVTPL	<b>3,918,667</b>	(10,377,016)
	<b>8,063,470</b>	5,598,909
Working capital adjustments:		
Increase in financial assets at FVTPL	<b>(9,778,958)</b>	(4,168,226)
Increase in other assets	<b>(68,284)</b>	(28,043)
Increase in management fee payable	<b>31,561</b>	27,187
Increase in accrued expenses	<b>58,649</b>	37,374
Decrease in other payables	-	22,893
Net cash flows (used in) generated from operating activities	<b>(1,693,562)</b>	1,490,094
<b>Financing activities</b>		
Proceeds from issuances of units	-	-
Payments on redemption of units	-	(1,240,376)
Net cash flows generated from (used in) financing activities	-	(1,240,376)
<b>Net (decrease) increase in bank balance during the period</b>	<b>(1,693,562)</b>	249,718
Bank balance at the beginning of the period	<b>3,267,059</b>	1,663,600
<b>Bank balance at the end of the period</b>	<b>1,573,497</b>	1,913,318

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

	<i>30 June</i> <b>2022</b> SR	<i>30 June</i> 2021 SR
Net asset value (equity) at the beginning of the period	<b>65,902,362</b>	48,880,229
Profit for the period	<b>4,144,803</b>	15,975,925
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<b>4,144,803</b>	15,975,925
Issue of units during the period	-	-
Redemption of units during the period	-	(1,240,376)
Net change from unit transactions	-	(1,240,376)
<b>Net asset value (equity) at the end of the period</b>	<b>70,047,165</b>	63,615,778

**REDEEMABLE UNIT TRANSACTIONS**

Transactions in redeemable units for the six-months period ended 30 June are summarised as follows:

	<i>30 June</i> <b>2022</b> <i>Units</i>	<i>30 June</i> 2021 <i>Units</i>
Units at the beginning of the period	<b>100,867</b>	108,635
Issue of units during the period	-	-
Redemption of units during the period	-	(2,461)
Net change in units	-	(2,461)
<b>Units at the end of the period</b>	<b>100,867</b>	106,174

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.



# Morgan Stanley Saudi Equity Fund

## (Managed by Morgan Stanley Saudi Arabia Company)

### NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

(continued)

As at 30 June 2022

#### 1 INCORPORATION AND ACTIVITIES

Morgan Stanley Saudi Equity Fund (the “Fund”) is an open-ended investment fund created by agreement between Morgan Stanley Saudi Arabia Company (the “Fund Manager”) and investors (the “Unitholders”) in the Fund. The objective of the Fund is to seek long-term capital appreciation and returns from investments in the Saudi equity market.

The Fund has appointed HSBC Saudi Arabia Limited (the “Operator”) to act as its custodian, operator and registrar. The fees for the custodian and operating services are paid by the Fund.

The approval from the Capital Market Authority (the “CMA”) for the establishment of the Fund was obtained via letter no. RH/639 dated 15 Sha’aban 1429H (corresponding to 16 August 2008). The Fund commenced operations on 6 January 2009.

The books and records of the Fund are maintained in Saudi Riyals (“SR”).

The Fund Manager’s registered office is P.O. Box 66633, Riyadh 11586, Kingdom of Saudi Arabia.

#### 2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) which were amended on 16 Sha’aban 1437H (corresponding to 23 May 2016) and 12 Rajab 1442 H (corresponding to 24 February 2021) and were effective from 6 Safar 1438H (corresponding 6 November 2016) and 19 Ramadan 1442H (corresponding 1 May 2021) respectively. These Regulations are detailing requirements for all funds within the Kingdom of Saudi Arabia.

#### 3 BASIS OF PREPARATION

These interim condensed financial statements have been prepared in accordance with International Accounting Standards (IAS), “Interim Financial Reporting” (“IAS 34”) as endorsed in Kingdom of Saudi Arabia.

These interim condensed financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss that have been measured at fair value. The interim condensed financial statements are presented in Saudi Riyal (“SR”) which is the functional currency of the Fund.

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 and for the year ended 31 December 2021. In addition, results for the six month period ended 30 June 2022 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

#### 4 SIGNIFICANT ACCOUNTING POLICIES

##### *a) Significant accounting judgments, estimates and assumptions*

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2021. Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
(continued)

As at 30 June 2022

*b) New standards, interpretations and amendments adopted by the Fund*

The following new and amended IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these condensed financial statements.

<i>Standard, interpretation or amendments</i>	<i>Description</i>	<i>Effective date</i>
Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Effective 1 April 2021
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<p>These amendments are not applicable for the Fund.</p> <p>Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.</p> <p>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.</p> <p>Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.</p> <p>These amendments are not applicable for the Fund.</p>	Annual periods beginning on or after 1 January 2022.



Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
(continued)

As at 30 June 2022

*c) Significant standards issued but not yet effective*

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which will be effective from periods on or after January 1, 2023. The Fund has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed financial statements of the Fund.

<i>Standard, interpretation or amendments</i>	<i>Description</i>	<i>Effective date</i>
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing change to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	These amendments are not applicable for the Fund. The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.	Annual periods beginning on or after 1 January 2023.
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments are not applicable for the Fund. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. These amendments are not applicable for the Fund.	Annual periods beginning on or after 1 January 2023.

Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
(continued)

As at 30 June 2022

**5 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The composition of the investment portfolio on the last valuation day is summarised below:

<i>30 June 2022</i>				
<i>Description</i>	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain/(loss) SR</i>
<u><i>Sectors</i></u>				
<b>Banks</b>	<b>44.10%</b>	<b>22,382,114</b>	<b>30,348,583</b>	<b>7,966,469</b>
<b>Materials</b>	<b>17.67%</b>	<b>10,431,939</b>	<b>12,161,852</b>	<b>1,729,913</b>
<b>Health Care Equipment &amp; Services</b>	<b>7.93%</b>	<b>4,072,690</b>	<b>5,456,442</b>	<b>1,383,752</b>
<b>Energy</b>	<b>7.76%</b>	<b>5,485,287</b>	<b>5,339,225</b>	<b>(146,062)</b>
<b>Capital Goods</b>	<b>5.02%</b>	<b>2,526,362</b>	<b>3,453,885</b>	<b>927,523</b>
<b>Transportation</b>	<b>4.04%</b>	<b>2,552,584</b>	<b>2,779,572</b>	<b>226,988</b>
<b>Consumer Services</b>	<b>3.25%</b>	<b>1,505,223</b>	<b>2,236,513</b>	<b>731,290</b>
<b>Retailing</b>	<b>3.16%</b>	<b>1,413,682</b>	<b>2,173,709</b>	<b>760,027</b>
<b>Real Estate</b>	<b>2.88%</b>	<b>2,301,923</b>	<b>1,979,083</b>	<b>(322,840)</b>
<b>Software &amp; Services</b>	<b>1.38%</b>	<b>476,800</b>	<b>949,875</b>	<b>473,075</b>
<b>Utilities</b>	<b>1.30%</b>	<b>887,249</b>	<b>895,279</b>	<b>8,030</b>
<b>Food and Beverage</b>	<b>0.97%</b>	<b>492,797</b>	<b>664,714</b>	<b>171,917</b>
<b>Insurance</b>	<b>0.56%</b>	<b>619,860</b>	<b>382,377</b>	<b>(237,483)</b>
	<b>100.00%</b>	<b>55,148,510</b>	<b>68,821,109</b>	<b>13,672,599</b>
<i>31 December 2021</i>				
<i>Description</i>	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain/(loss) SR</i>
<u><i>Sectors</i></u>				
<b>Banks</b>	<b>41.79%</b>	<b>17,326,917</b>	<b>26,311,787</b>	<b>8,984,870</b>
<b>Materials</b>	<b>16.04%</b>	<b>7,285,951</b>	<b>10,100,794</b>	<b>2,814,843</b>
<b>Health Care Equipment &amp; Services</b>	<b>8.37%</b>	<b>3,774,587</b>	<b>5,270,842</b>	<b>1,496,255</b>
<b>Capital Goods</b>	<b>5.51%</b>	<b>2,198,364</b>	<b>3,470,360</b>	<b>1,271,996</b>
<b>Retailing</b>	<b>4.87%</b>	<b>1,573,641</b>	<b>3,068,586</b>	<b>1,494,945</b>
<b>Consumer Services</b>	<b>4.41%</b>	<b>1,790,247</b>	<b>2,776,276</b>	<b>986,029</b>
<b>Utilities</b>	<b>4.28%</b>	<b>2,697,746</b>	<b>2,697,414</b>	<b>(332)</b>
<b>Transportation</b>	<b>2.68%</b>	<b>1,318,412</b>	<b>1,689,300</b>	<b>370,888</b>
<b>Real Estate</b>	<b>2.38%</b>	<b>1,692,912</b>	<b>1,489,761</b>	<b>(203,151)</b>
<b>Energy</b>	<b>2.24%</b>	<b>1,203,766</b>	<b>1,411,484</b>	<b>207,718</b>
<b>Insurance</b>	<b>1.81%</b>	<b>1,317,286</b>	<b>1,136,787</b>	<b>(180,499)</b>
<b>Software &amp; Services</b>	<b>1.75%</b>	<b>885,011</b>	<b>1,103,040</b>	<b>218,029</b>
<b>Food and Beverage</b>	<b>1.43%</b>	<b>658,313</b>	<b>897,765</b>	<b>239,452</b>
<b>Media and Entertainment</b>	<b>1.23%</b>	<b>762,700</b>	<b>771,852</b>	<b>9,152</b>
<b>Food &amp; Staples Retailing</b>	<b>1.21%</b>	<b>883,700</b>	<b>764,771</b>	<b>(118,929)</b>
	<b>100.00%</b>	<b>45,369,553</b>	<b>62,960,819</b>	<b>17,591,266</b>

Investments are listed on the Saudi stock exchange ("Tadawul"). The Fund Manager seeks to limit risk for the Fund by monitoring exposures in each investment sector and individual securities.



Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
(continued)

As at 30 June 2022

**6 TRANSACTIONS WITH RELATED PARTIES**

*Management fee*

Management fee is calculated at the rate of 1.25% per annum on the net assets value of the Fund at each valuation date. Management fee expense is disclosed in the interim condensed statement of comprehensive income and management fee accrual is disclosed in interim condensed statement of financial position.

*Board of directors*

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent director's fees are currently SR 3,000 per meeting in addition to out-of-pocket expenses incurred for attending a meeting of the Board subject to a cap of SR 5,000 per month per independent director. The maximum yearly remuneration for each independent director is SR 50,000. Non-independent directors receive no remuneration from the Fund. The directors received a total remuneration of SR 6,000 during the six-month period ended 30 June 2022 (six-month period ended 30 June 2021: SR 6,000).

The Unitholders' account at 30 June included units held as follows:

	<i>30 June 2022 Units</i>	<i>30 June 2021 Units</i>
Held by the Fund Manager	<b>8,232</b>	8,232

**7 ACCRUED EXPENSES**

	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
VAT payable	<b>51,236</b>	39,980
Accrued audit fees	<b>62,274</b>	35,000
Accrued directors' fees	<b>22,918</b>	19,000
Accrued fund operating fees	<b>19,041</b>	8,304
Accrued custodian fees	<b>12,694</b>	5,536
Others	<b>3,813</b>	5,507
	<b>171,976</b>	113,327

**8 OTHER EXPENSES**

	<i>For the six-month period ended</i>	
	<i>30 June 2022 SR</i>	<i>30 June 2021 SR</i>
VAT expenses	<b>92,479</b>	69,774
Fund operating fee	<b>56,534</b>	41,490
Custodian fee	<b>37,689</b>	28,844
Audit fees	<b>27,274</b>	27,274
Transaction fee	<b>19,238</b>	17,550
Directors' fees	<b>6,000</b>	6,000
Others	<b>10,401</b>	5,694
	<b>249,615</b>	196,626

Morgan Stanley Saudi Equity Fund  
(Managed by Morgan Stanley Saudi Arabia Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
(continued)

As at 30 June 2022

**9 MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

<i>As at 30 June 2022</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Bank balance	1,573,497	-	1,573,497
Investments at fair value through profit or loss	68,821,110	-	68,821,110
Other assets	68,284	-	68,284
<b>TOTAL ASSETS</b>	<b>70,462,891</b>	<b>-</b>	<b>70,462,891</b>
<b>LIABILITIES</b>			
Management fee payable	243,750	-	243,750
Accrued expenses	171,974	-	171,974
Other payables	-	-	-
<b>TOTAL LIABILITIES</b>	<b>415,724</b>	<b>-</b>	<b>415,724</b>
<i>As at 31 December 2021</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<b>ASSETS</b>			
Bank balance	3,267,059	-	3,267,059
Financial assets at FVTPL	62,960,819	-	62,960,819
Other assets	-	-	-
<b>TOTAL ASSETS</b>	<b>66,227,878</b>	<b>-</b>	<b>66,227,878</b>
<b>LIABILITIES</b>			
Management fee payable	212,189	-	212,189
Accrued expenses	113,327	-	113,327
Other liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<b>325,516</b>	<b>-</b>	<b>325,516</b>



**Morgan Stanley Saudi Equity Fund**  
**(Managed by Morgan Stanley Saudi Arabia Company)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(continued)**

As at 30 June 2022

**10 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Fund measures financial instruments at fair value at each interim condensed statement of financial position date.

Management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

**11 EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

In the opinion of Fund Manager, no events have occurred subsequent to the reporting date and before the issuance of these interim condensed financial statements which requires adjustment to, or disclosure, in these interim condensed financial statements.

**12 IMPACT OF COVID-19 ON OPERATIONS AND FINANCIAL STATEMENTS**

The global Coronavirus (COVID-19) pandemic continues to create economic and social uncertainty throughout the world. Progress continues to be made on the global vaccine rollout, however the emergence of further waves, particularly in developing economies, and more virulent strains remains a risk. The ultimate impact of the pandemic is difficult to predict. Economic uncertainties, which may materially affect the valuation of portfolio investments and in turn, the net asset value of the Funds remain prevalent as economies move tentatively to ease restrictions. The long-term effect on economies following the pandemic remains unpredictable.

**13 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements are approved by the Fund's Management on 17 Muharram 1444H (corresponding to 15 August 2022).

**14 LAST VALUATION DAY**

The last valuation day of the period was 30 June 2022 (year ended 31 December 2021: 30 December 2021).