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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

30 JUNE 2026

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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 2026, and the related interim condensed statement of comprehensive income for the six-month period ended 30 June 2026, and the related interim condensed statement of changes in equity attributable to the unitholders and cash flows for the six-month period then ended, and explanatory notes. The Fund Manager 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 financial statement 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 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

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شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
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Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

Riyadh: 22 Safar 1448H
(5 August 2026)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2026

	Notes	***30 June 2026*** **⃁** ***(Unaudited)***	*31 December 2025* ⃁ *(Audited)*
ASSETS			
Cash and cash equivalents		**6,970,336**	5,196,704
Financial assets at fair value through profit or loss (FVTPL)	6	**194,313,276**	193,790,346
Receivables against sold securities		**262,318**	45,783
Dividend Receivable		**157,567**	-
TOTAL ASSETS		**201,703,497**	199,032,833
LIABILTIES			
Management fee payable	7	**642,293**	640,882
Accrued expenses	8	**186,389**	197,421
Payables against purchased securities		**717,863**	84,085
TOTAL LIABILITIES		**1,546,545**	922,388
EQUITY			
Net assets attributable to unitholders of redeemable units		**200,156,952**	198,110,445
TOTAL LIABILITIES AND EQUITY		**201,703,497**	199,032,833
Redeemable units in issue		**190,319**	190,319
Net asset value attributable to per unit		**1,051.69**	1,040.94

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
For the six-month period ended 30 June 2026

		For the six-month period ended	
		30 June 2026	*30 June 2025*
	Notes	⃁	⃁
INCOME			
Net unrealized gain/(loss) on financial assets at FVTPL		1,378,993	(12,177,966)
Net realized (loss)/gain on financial assets at FVTPL		(1,392,344)	8,584,470
Dividend income		3,903,792	2,158,078
TOTAL INCOME/(LOSS)		**3,890,441**	(1,435,418)
EXPENSES			
Management fees	7	1,269,600	922,281
Other expenses	9	574,334	482,598
TOTAL EXPENSES		**1,843,934**	1,404,879
NET INCOME/(LOSS) FOR THE PERIOD		**2,046,507**	(2,840,297)
Other comprehensive income for the period		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**2,046,507**	(2,840,297)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (unaudited)
For the six-month period ended 30 June 2026

	30 June 2026 ***⃁***	*30 June 2025* *⃁*
NET ASSET VALUE (EQUITY) AT THE BEGINNING OF THE PERIOD	**198,110,445**	135,765,941
Net income/(loss) for the period	**2,046,507**	(2,840,297)
Other comprehensive income for the period		-
Total comprehensive income/(loss) for the period	**2,046,507**	(2,840,297)
Issue of units during the period	**-**	23,500,000
NET ASSET VALUE (EQUITY) AT THE END OF THE PERIOD	**200,156,952**	156,425,644

REDEEMABLE UNIT TRANSACTIONS

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

	30 June 2026 Units	*30 June 2025 Units*
UNITS AT THE BEGINNING OF THE PERIOD	**190,319**	122,198
Issue of units during the period	**-**	20,849
Redemption of units during the period	**-**	-
Net change in units	**-**	20,849
UNITS AT THE END OF THE PERIOD	**190,319**	143,047

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (unaudited)
For the six-month period ended 30 June 2026

	For the six-month period ended	
	30 June 2026	*30 June 2025*
	⃁	⃁
Operating activities		
Net income/ (loss) for the period	**2,046,507**	(2,840,297)
Adjustments for:		
Net unrealized (gain)/ loss on financial assets at FVTPL	**(1,378,993)**	12,177,966
Dividend income	**(3,903,792)**	(2,158,078)
	(3,236,278)	7,179,591
Working capital changes:		
Financial assets at FVTPL	**856,063**	(33,257,949)
Advances and other receivables	**-**	6,184,470
Receivables against sold securities	**(216,535)**	(895,068)
Management fee payable	**1,411**	82,886
Accrued expenses	**(11,032)**	17,696
Payables against purchased securities	**633,778**	(60,800)
Cashflows used from operations	**(1,972,593)**	(20,749,174)
Dividends received	**3,746,225**	1,983,516
Net cash flows generated/(used in) from operating activities	**1,773,632**	(18,765,658)
Financing activity		
Proceeds from issuance of units	**-**	23,500,000
Net increase in cash and cash equivalents during the period	**1,773,632**	4,734,342
Cash and cash equivalents at the beginning of the period	**5,196,704**	3,785,790
Cash and cash equivalents at the end of the period	**6,970,336**	8,520,132

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

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 Shaaban 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 ("⃁").

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 STATEMENT OF COMPLIANCE

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.

4 BASIS OF PREPARATION

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 ("⃁"), 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 2025. In addition, results for the six-month period ended 30 June 2026 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

5 CHANGES TO MATERIAL ACCOUNTING POLICIES

5.1 New standards and amendments adopted by the Fund

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 2025, except for the adoption of new standards effective as of 1 January 2026. The Fund's has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following new and amended IFRSs, which became effective for annual periods beginning on or after 1 January 2026, have been adopted in these financial statements but do not have a significant impact on these interim condensed financial statements of the Fund.

Standard, interpretation and amendments	**Description**	**Effective date**
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026

5.2 Significant standards issued but not yet effective

Standard, interpretation and amendments	**Description**	**Effective date**
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027

5 CHANGES TO MATERIAL ACCOUNTING POLICIES (continued)

5.2 Significant standards issued but not yet effective (continued)

Standard, interpretation and amendments	Description	Effective date
IFRS 19-Subsidiaries without Public Accountability: Disclosures	IFRS 19 applies to eligible subsidiaries that elect to adopt the standard in their consolidated, separate or individual financial statements. Eligible subsidiaries are those that are not publicly accountable and whose ultimate or intermediate parent prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027
IFRS S1-General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	Not yet endorsed by SOCPA
IFRS S2-Climate-related disclosures	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	Not yet endorsed by SOCPA

6 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

30 June 2026 *Description*	*% of market value*	*Cost* ⃁	*Market value* ⃁	*Unrealized gain/(loss)* ⃁
Sectors				
Banks	**36.37%**	**64,338,046**	**70,678,506**	**6,340,460**
Energy	**15.83%**	**28,576,321**	**30,758,725**	**2,182,404**
Transportation	**5.80%**	**14,854,050**	**11,276,480**	**(3,577,570)**
Capital Goods	**4.21%**	**5,857,959**	**8,180,715**	**2,322,756**
Health Care Equipment & Services	**5.34%**	**13,750,267**	**10,380,340**	**(3,369,927)**
Software & Services	**1.08%**	**2,934,895**	**2,106,342**	**(828,553)**
Materials	**8.13%**	**13,038,796**	**15,793,600**	**2,754,804**
Insurance	**5.99%**	**7,226,460**	**11,633,656**	**4,407,196**
Utilities	**3.83%**	**7,960,990**	**7,436,426**	**(524,564)**
Consumer Services	**3.49%**	**9,967,568**	**6,780,274**	**(3,187,294)**
Commercial & professional service	**2.33%**	**4,045,504**	**4,526,492**	**480,988**
Real Estate	**2.29%**	**5,686,264**	**4,458,906**	**(1,227,358)**
Pharma, Biotech & Life Science	**1.74%**	**3,474,674**	**3,377,782**	**(96,892)**
Food & Beverages	**1.43%**	**3,474,025**	**2,769,156**	**(704,869)**
Media and Entertainment	**0.93%**	**2,480,812**	**1,809,286**	**(671,526)**
Financial Services	**1.21%**	**3,358,604**	**2,346,590**	**(1,012,014)**
	100%	**191,025,235**	**194,313,276**	**3,288,041**

6 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

31 December 2025 *Description*	*% of market value*	*Cost* ⃁	*Market value* ⃁	*Unrealized gain/(loss)* ⃁
Sectors				
Banks	37%	66,843,233	71,217,181	4,373,948
Energy	13%	22,951,365	24,353,990	1,402,625
Transportation	9%	18,541,418	16,734,336	(1,807,082)
Materials	7%	13,836,069	13,803,573	(32,496)
Healthcare Facilities & Servis	7%	13,750,267	12,601,443	(1,148,824)
capital goods	6%	8,800,278	11,462,290	2,662,012
Consumer Services	4%	9,339,319	7,269,666	(2,069,653)
Insurance	4%	4,699,033	6,972,799	2,273,766
Commercial & Professional Services	3%	4,498,976	5,082,062	583,086
Real Estate	2%	5,414,797	4,557,219	(857,578)
Utilities	2%	4,995,885	4,195,568	(800,317)
Food & Beverages	2%	4,323,384	3,876,171	(447,213)
Consumer Lending	2%	3,358,605	3,573,388	214,783
Pharmaceuticals	1%	2,825,073	2,552,384	(272,689)
Media and Entertainment	1%	1,918,820	1,942,041	23,221
IT Services & Consulting	1%	2,440,153	1,821,380	(618,773)
Household & Personal Products	1%	3,344,624	1,774,855	(1,569,769)
	100%	191,881,299	193,790,346	1,909,047

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.

7 TRANSACTIONS WITH RELATED PARTIES

Management fees

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.

		Total of transactions		*Balance*	
Related party	***Nature of transactions***	***2026***	***2025***	***2026***	***2025***
		⃁	⃁	⃁	⃁
Fund Manager	Fund management fee	**1,269,600**	922,281	**642,293**	640,882

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 directors' fees are currently ⃁ 3,000 per meeting in addition to out-of-pocket expenses incurred for attending a meeting of the board subject to a cap of ⃁ 5,000 per month per independent director. The maximum yearly remuneration for each independent director is ⃁ 50,000. Non-independent directors receive no remuneration from the Fund. The directors received a total remuneration of ⃁ 6,000 during the six-month period ended 30 June 2026 (six-month period ended 30 June 2025: ⃁ 6,000).

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

	30 June 2026 Units	*30 June 2025 Units*
Held by the Fund Manager	8,232	8,232
Held by Fund Manager personnel	370	370

8 ACCRUED EXPENSES

	30 June 2026	*31 December 2025*
	⃁	⃁
VAT payable	**113,833**	109,344
Accrued audit fee	**29,754**	40,000
Accrued fund operating fee	**25,242**	25,272
Accrued custodian fee	**16,828**	16,848
Others	**732**	5,957
	186,389	197,421

9 OTHER EXPENSES

	For the six-month period ended	
	30 June 2026	*30 June 2025*
	⃁	*⃁*
VAT expenses	**239,737**	181,952
Fund operating fee	**152,358**	110,677
Custodian fee	**101,572**	73,785
Audit fee	**29,754**	34,753
Directors' fee	**5,951**	9,918
Others	**44,962**	71,513
	574,334	482,598

10 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:

As at 30 June 2026	***Within 12 months***	***After 12 months***	***No Fixed Maturity***	***Total***
	⃁	***⃁***	***⃁***	***⃁***
ASSETS				
Cash and cash equivalents	**6,970,336**	-	**-**	**6,970,336**
Financial assets at FVTPL	**-**	-	**194,313,276**	**194,313,276**
Receivables against sold securities	**262,318**	-	**-**	**262,318**
Dividend receivable	**157,567**	-	-	**157,567**
TOTAL ASSETS	**7,390,221**	-	**194,313,276**	**201,703,497**
LIABILITIES				
Management fee payable	**642,293**	-	-	**642,293**
Accrued expenses	**186,389**	-	-	**186,389**
Payables against purchased securities	**717,863**	-	-	**717,863**
TOTAL LIABILITIES	**1,546,545**	-	-	**1,546,545**

As at 31 December 2025	*Within 12 months*	*After 12 months*	*No Fixed Maturity*	*Total*
	⃁	*⃁*	*⃁*	*⃁*
ASSETS				
Cash and cash equivalents	5,196,704	-	-	5,196,704
Financial assets at FVTPL	-	-	193,790,346	193,790,346
Advances and other receivables	45,783	-	-	45,783
TOTAL ASSETS	5,242,487	-	193,790,346	199,032,833
LIABILITIES				
Management fee payable	640,882	-	-	640,882
Accrued expenses	197,421	-	-	197,421
Payables against purchased securities	84,085	-	-	84,085
TOTAL LIABILITIES	922,388	-	-	922,388

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has only investments at fair value through profit or loss which are measured at fair values and are classified within level 1 of the fair value hierarchy. All other financial assets and liabilities are classified as amortised cost and 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. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

12 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements as at 31 June 2026, which reflect conditions existing at that date.

The Fund's management is monitoring the war in Iran and increased tensions in the Middle East and its impact on the regional economy, as well as on other world economies and the financial markets. The rate of economic growth, elevated geopolitical uncertainty, as well as central bank actions have impacted and could continue to impact capital markets. The Fund's management has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

Fund's Management has also considered the impact of these events on the Fund's ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate. In the opinion of Fund Manager, no other events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure in, these financial statements.

13 LAST VALUATION DAY

The last valuation day of the period was 30 June 2026 (2025: 31 December 2025).

14 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements are approved by the Fund's Management on 22 Safar 1448H (corresponding to 5 August 2025).