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 2020
together with the
Independent auditor's review report

ASHMORE SAUDI EQUITY FUND
(An open-ended mutual fund)
Managed by
ASHMORE INVESTMENT SAUDI ARABIA
FINANCIAL STATEMENTS
For the period ended 30 June 2020

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Independent auditor's review report on the interim condensed financial statements

To the unitholders of Ashmore Saudi Equity Fund

Introduction

We have reviewed the accompanying 30 June 2020 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 2020;
- the interim condensed statement of comprehensive income for the six months period ended 30 June 2020;
- the interim condensed statement of changes in net assets (equity) attributable to the unitholders for the six months period ended 30 June 2020;
- the interim condensed statement of cash flows for the six months period ended 30 June 2020; 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 2020 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

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License No: 371

28 Dhul Hijjah 1441H
Corresponding to: 18 August 2020

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

	Note	**As at 30 June 2020 (unaudited)**	As at 31 December 2019 (audited)
ASSETS			
Cash and cash equivalents		**786,827**	879,001
Investments at fair value through profit or loss (FVTPL)	*7*	**19,992,229**	22,050,852
Trade receivable	*8*	**1,382,034**	--
Total assets		**22,161,090**	22,929,853
LIABILITIES			
Trade payable	*8*	**1,453,358**	107,829
Accrued expenses	*9*	**48,568**	51,355
Total liabilities		**1,501,926**	159,184
Net assets (equity) attributable to the unitholders		**20,659,164**	22,770,669
Units in issue (numbers)		**1,692,107**	1,692,107
Net assets (equity) value attributable to each unit – IFRS	*17*	**12.2091**	13.4570
Net assets (equity) value attributable to each unit – Dealing	*17*	**12.2091**	13.4570

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

ASHMORE SAUDI EQUITY FUND
(An open-ended mutual fund)
Managed by
ASHMORE INVESTMENT SAUDI ARABIA
Interim condensed statement of comprehensive income (unaudited)
(Amounts in SAR)

		For the six months period ended 30 June	
	Notes	**2020**	2019
INCOME			
Net (losses) / gains on investments at FVTPL	*10*	**(2,190,153)**	4,594,751
Dividend income		**287,142**	431,615
		(1,903,011)	5,026,366
EXPENSES			
Management fee	*11,12*	**133,551**	206,183
Custody fee	*11,12*	**8,013**	12,371
Administration fee	*11,12*	**4,808**	7,423
Other expenses	*13*	**62,122**	42,077
		208,494	268,054
Net (loss) / income for the period		**(2,111,505)**	4,758,312
Other comprehensive income		**--**	--
Total comprehensive (loss) / income for the period		**(2,111,505)**	4,758,312

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

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)

	For the six months period ended 30 June	
	2020	2019
Net assets (equity) attributable to the unitholders at beginning of the period	**22,770,669**	28,190,835
Net (loss) / income for the period	**(2,111,505)**	4,758,312
Net assets (equity) attributable to the unitholders at end of the period	**20,659,164**	32,949,147

UNITS TRANSACTIONS

Transactions in units for the period are summarised as follows:

	For the six months periods ended 30 June	
	2020	2019
	(In units)	*(In units)*
Units at beginning and end of the period	**1,692,107**	2,578,600

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

ASHMORE SAUDI EQUITY FUND
(An open-ended mutual fund)
Managed by
ASHMORE INVESTMENT SAUDI ARABIA
Interim condensed statement of cash flows (unaudited)
(Amounts in SAR)

	Note	For the six months period ended 30 June 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period		**(2,111,505)**	4,758,312
Adjustments to reconcile net (loss) / income for the period to net cash (used in) / generated by operating activities:			
Unrealised losses / (gains) on investments at FVTPL	*10*	**1,578,287**	(4,330,476)
		(533,218)	427,836
Net changes in operating assets and liabilities			
Decrease in investments at FVTPL		**480,336**	405,688
Increase in trade receivable		**(1,382,034)**	--
Decrease in dividend receivable		**--**	43,174
Increase in trade payable		**1,345,529**	--
Decrease in accrued expenses		**(2,787)**	(12,458)
Net cash (used in) / generated by operating activities		**(92,174)**	864,240
Net (decrease) / increase in cash and cash equivalents		**(92,174)**	864,240
Cash and cash equivalents at beginning of the period		**879,001**	49,611
Cash and cash equivalents at end of the period		**786,827**	913,851

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

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 14 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 Company ("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 1438H (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.

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 for the year ended 31 December 2019.

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 Fund's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Fund has not early adopted any of the forthcoming amended standards in preparing these interim financial statements.

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

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

	As at 30 June 2020 (unaudited)	
	Cost	**Fair value**
Banking	**6,804,589**	**6,355,760**
Healthcare	**3,251,715**	**3,580,117**
Insurance	**1,801,792**	**1,715,850**
Food and beverages	**1,761,454**	**2,037,942**
Industry	**1,604,875**	**1,989,791**
Telecommunication services	**1,265,165**	**1,407,783**
Consumer services	**1,160,501**	**1,331,828**
Energy	**1,010,655**	**1,284,355**
Retail	**293,128**	**288,803**
	18,953,874	**19,992,229**

	As at 31 December 2019 (audited)	
	Cost	Fair value
Banking	7,956,400	9,195,230
Industry	1,910,695	2,486,424
Retail	1,702,792	1,839,266
Food and beverages	1,651,886	1,580,203
Healthcare	1,511,961	1,473,223
Insurance	1,391,095	1,468,950
Energy	1,100,540	1,389,688
Material	801,858	1,121,235
Consumer services	787,169	801,726
Real estate	619,814	694,907
	19,434,210	22,050,852

8. TRADE RECEIVABLE / PAYABLE

As at 30 June 2020, the Fund sold equities waiting for settlement amounting to SR 1.38 million (31 December 2019: nil) and bought equities waiting for settlement amounting to SR 1.45 million (31 December 2019: SR 0.11 million).

9. ACCRUED EXPENSES

	As at 30 June 2020 (unaudited)	As at 31 December 2019 (audited)
Management fee	**22,082**	28,224
Audit fee	**12,791**	12,862
Custody fee	**1,325**	1,693
Administration fee	**795**	1,016
Other accrued expenses	**11,575**	7,560
	48,568	51,355

10. NET (LOSSES) / GAINS ON INVESTMENTS AT FVTPL

	For the six months period ended 30 June (unaudited)	
	2020	2019
Realised (losses) / gains on disposal of investments at FVTPL	**(611,866)**	264,275
Unrealised (losses) / gains on the revaluation of investments at FVTPL	**(1,578,287)**	4,330,476
	(2,190,153)	4,594,751

Realized gains on investments at FVTPL is calculated based on weighted average cost of securities.

11. 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.

11. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

		Transactions		Balance	
Related party	**Nature of transaction**	**30 June 2020 (unaudited)**	30 June 2019 (unaudited)	**30 June 2020 (unaudited)**	31 December 2019 (audited)
The Fund Manager	Management fee	**133,551**	206,183	**22,082**	28,224
The Fund Board	Board remuneration	**4,973**	4,959	**4,973**	--
HSBC Saudi Arabia *(Custodian, administrator and registrar of the Fund)*	Custody fees	**8,013**	12,371	**1,325**	1,693
	Administration fee	**4,808**	7,423	**795**	1,016
	Registration fee	**8,269**	8,269	**1,378**	1,496

As at 30 June 2020 and 31 December 2019, Ashmore Management Company Limited, an affiliate of the Fund Manager holds 1,692,107 units of the Fund.

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

	For the six months period ended 30 June	
	2020	2019
Trade settlement fee	**28,941**	9,509
Professional fee	**13,053**	13,017
Registration fee	**8,269**	8,269
Board remuneration	**4,973**	4,959
CMA fee	**3,729**	3,719
Tadawul charges	**2,611**	2,604
Other expenses	**546**	--
	62,122	42,077

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 amortised 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:

	30 June 2020				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at FVTPL	**19,992,229**	**19,992,229**	**--**	**--**	**19,992,229**
Total	**19,992,229**	**19,992,229**	**--**	**--**	**19,992,229**

	31 December 2019				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments at FVTPL	22,050,852	22,050,852	--	--	22,050,852
Total	22,050,852	22,050,852	--	--	22,050,852

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

The fair values of financial instruments which are not measured at fair value in these interim financial statements, such as cash and cash equivalents, trade receivable, trade payable and accrued expenses, are not significantly different from the carrying values included in the interim condensed financial statements.

15. FINANCIAL RISK MANAGEMENT

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

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

Risk management framework
The risk management framework and policies of the Fund are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2019.

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 trade receivable. The Fund Manager seeks to limit its credit risk by monitoring credit exposures and by dealing with only reputable counterparties.

Liquidity risk
Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities.

The Fund’s Terms and Conditions provide for the subscriptions and redemptions of units throughout the week and it is, therefore, exposed to the liquidity risk of meeting unitholders’ redemptions. As at 30 June 2020 and 31 December 2019, the Fund’s cash and cash equivalents, investments at FVTPL and trade 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.

16. LAST VALUATION DAY

The last valuation day of the period was 30 June 2020 (2019: 30 June 2019).

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.

18. IMPACT OF COVID-19 OUTBREAK

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

Oil prices witnessed significant volatility during the first half of 2020, owing not just to demand issues arising from COVID-19 as the world economies went into lockdown, but also supply issues driven by volume which had predated the pandemic. The oil prices have shown some recovery in late Q2 2020 as oil producing countries cut back production coupled with increasing of demand as countries emerged from lockdowns.

These events have significantly impacted the stock market and created volatility in prices of equities which impacted the Fund's earnings and cash flows. The management continues to evaluate the current situation through reviewing its investment strategy and other risk management practices to manage the impact COVID-19 outbreak has had on its normal operations and financial performance.

19. SUBSEQUENT EVENTS

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

20. DATE OF AUTHORISATION

These interim condensed financial statements were authorised for issue by the Fund Board on 26 Dhul Hijjah 1441H (corresponding to 16 August 2020).