

**Gulf Investment Fund plc**

**Interim Report**

Six months ended 31 December 2022

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## Management and Administration

<b>Directors</b>	A Whamond (Non-executive Chairman)* D Humbles (Non-executive Director) * N Benedict (Non-executive Director) * * independent all of the registered office below
<b>Registered Office</b>	Exchange House 54-62 Athol Street Douglas Isle of Man IM1 1JD
<b>Investment Manager</b>	Epicure Managers Qatar Limited Trinity Chambers Road Town Tortola British Virgin Islands
<b>Investment Adviser</b>	Qatar Insurance Company S.A.Q. PO Box 666 Tamin Street West Bay Doha Qatar
<b>Broker</b>	Panmure Gordon (UK) Limited 40 Gracechurch Street London EC3V 0BT
<b>Custodian</b>	HSBC Bank Middle East Limited Qatar Branch HSBC Security Services PO Box No. 57 Doha Qatar

## Management and Administration continued

**Administrator**

Apex Corporate Services (IOM) Limited  
Exchange House  
54-62 Athol Street  
Douglas  
Isle of Man  
IM1 1JD

**Auditors**

KPMG Audit LLC  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man  
IM1 1LA

**Registrar**

Link Asset Services (Isle of Man) Limited  
Clinch's House  
Lord Street  
Douglas  
Isle of Man  
IM99 1RZ

## Chairman's Statement

On behalf of the Board, I am pleased to present the interim results for Gulf Investment Fund Plc ('GIF') for the six months ending 31 December 2022.

### Results

For the six months ending 31 December 2022, Net Asset Value per Share ('NAV') fell 1.83% to USD 1.9885 compared with a fall of 7.09% in the S&P GCC Composite Index. During the same period the share price fell 6.68% from USD 2.020 to 1.885. As covered in more detail in the Investment Adviser's report below, this decline in the GCC equity market was amid concerns over the global economy, rising inflation and lower oil prices.

We saw the share price trade at a premium for much of the period under review, after a number of favourable press comments during the period, both about the growth of the GCC region as an investible universe and more specific commentary about GIF and its long-term relative performance, however as a result of the market sell off in the period, the share price discount to NAV ended the year at 5.20%.

At the Annual General Meeting on 22nd December 2022 a final dividend of USD 3.51 cents per ordinary share for the year ended 30 June 2022 was approved. The dividend will be paid on 17 March 2023 with an ex-dividend date of 9 February 2023.

Once again there was a tender offer to all shareholders during the period. 178,064 shares, representing c. 0.43% of the issued share capital were tendered and cancelled.

Further to the listing facility applied for in May 2022, on 20 December 2022 75,000 ordinary shares of US\$0.01 each were issued resulting in the total ordinary shares in issue being 41,002,152.

Markets in the GCC region benefited from rising hydrocarbon prices and improving trends in global stock markets. As at 31 December 2022 GIF had 28 holdings: 16 in Saudi Arabia, 5 in Qatar, 3 in the UAE, 3 in Kuwait and 1 in Oman.

### Outlook, risks and uncertainties

Following the recent sell-off in the market, valuations are becoming more attractive and we believe the markets will recover as soon as global market volatility settles down. Going into 2023 the outlook for GCC remains robust, supported by socio-economic reforms, infrastructure projects, and favourable oil supply-demand dynamics that provides the majority of GCC states with twin surpluses as well as an economy that is mostly shielded from recession fears in Europe & US.

The main risks and uncertainties faced by the Company are: geopolitical events, market risks, investment and strategy risks, accounting, legal and regulatory risks, operational risks and financial risks. Information on each of these is given in the Business Review section of our Annual Report each year.

**Anderson Whamond**

Chairman

22 February 2023

## Director's Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- a) the condensed set of financial statements has been prepared in accordance with IAS 34;
- b) the interim management report and Chairman's statement include a fair review of the information required by the Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and a description of the principal risks and uncertainties for the remaining six months of the year respectively);
- c) in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related party transactions during the six months to 31 December 2022 and therefore nothing to report on any material effect by such a transaction on the financial position or the performance of the Company during that period; and there have been no changes in this position since the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.
- d) in accordance with Disclosure and Transparency Rule 6.4.2, the Company confirms that its Home State is the United Kingdom.

The interim financial report has not been audited by the Company's Independent Auditor.

**Anderson Whamond**

Chairman

22 February 2023

## Report of the Investment Manager and the Investment Adviser

### Regional Market Overview:

Country / Region	Index	31-Dec-21	30-Jun-22	1H2022	31-Dec-22	2H2022	FY2022
Qatar	DSM Index	11,626	12,191	4.86%	10,681	-12.39%	-8.13%
Saudi Arabia	SASEIDX Index	11,282	11,523	2.14%	10,478	-9.07%	-7.12%
Dubai	DFMGI Index	3,196	3,223	0.85%	3,336	3.50%	4.38%
Abu Dhabi	ADSMI Index	8,488	9,375	10.45%	10,211	8.92%	20.30%
Kuwait	KWSEAS Index	7,043	7,409	5.19%	7,292	-1.57%	3.54%
Oman	MSM30 Index	4,130	4,123	-0.18%	4,857	17.83%	17.61%
Bahrain	BHSEASI Index	1,797	1,840	2.37%	1,895	3.02%	5.47%
S&P GCC	SEMGGCPD Index	150	150	-0.12%	139	-7.09%	-7.20%
Brent	CO1 Comdty	77.78	114.81	47.61%	85.91	-25.17%	10.45%
MSCI EM	MXEF Index	1,232	1,001	18.78%	956	-4.43%	22.37%
MSCI World	MXWO Index	3,232	2,546	21.21%	2,603	2.22%	19.46%

Source: Bloomberg

The GCC equity market declined 7.09% in the second half of 2022 amid concerns over the global economy, rising inflation and lower oil prices. Qatar saw the most significant decline of 12.4 per cent, followed by Saudi Arabia that dropped 9.07 per cent. In contrast, Oman, Abu Dhabi, Dubai, and Bahrain gained 17.8 per cent, 8.9 per cent, 3.5 per cent and 3.0 per cent respectively. In comparison MSCI World Index rose 2.2 per cent over the period, while MSCI EM Index was down 4.4 per cent.

The price of oil (Brent) declined 25.2 per cent in the six months to 31 December 2022, reaching ~US\$85.9 per barrel, amid softening demand driven by recession fears.

For 2022 as a whole, the performance of individual markets in the GCC were mixed. The S&P GCC Composite index was down 7.2 per cent (MSCI World index down 19.5 per cent; MSCI EM index down 22.4 per cent).

Among the GCC markets, in 2022 Qatar market saw a decline of 8.1 per cent, while Saudi Arabia was down 7.1 per cent. Positive 2022 performance was led by Abu Dhabi rising 20.3 per cent, followed by Oman with a 17.6 per cent increase. Bahrain, Dubai and Kuwait rose 5.5 per cent, 4.4 per cent, and 3.5 per cent respectively.

### **GCC: Staying optimistic despite global uncertainties**

According to the IMF, the GCC region's GDP is expected to grow by 6.5 per cent in 2022 and 3.6 per cent in 2023, led by stronger hydrocarbon and non-hydrocarbon industries.

## Report of the Investment Manager and the Investment Adviser continued

Higher oil prices will be reflected in GCC strong twin surpluses (fiscal and external), which should boost consumer confidence and investments. High uncertainty surrounds the oil market outlook, with the OPEC+ alliance recently deciding to take a more conservative production strategy considering a deteriorating global economic outlook.

The increase in hydrocarbon prices provides an opportunity for GCC countries to shift to a green growth strategy and accelerate economic diversification by investing their windfall in sustainable sectors. In 2022, oil exporters are likely to benefit from strong oil prices and steady non-GDP growth, offsetting the negative effects of high food costs and rising international interest rates. Non-oil GDP is expected to be strong around 4.0 per cent & 3.7 per cent in 2022 and 2023 respectively.

### IMF GDP growth forecast 2022 and 2023

Real GDP Growth	2018	2019	2020	2021	2022E	2023E
GCC	4.3%	1.0%	-4.5%	3.1%	6.5%	3.6%
GCC oil GDP	2.6%	-1.4%	-5.9%	0.2%	10.5%	3.6%
GCC non-oil GDP	5.8%	2.5%	-3.6%	4.5%	4.0%	3.7%

Source: IMF World Economic Outlook and Regional Economic Outlook October 2022

### GCC Budget and Economic Update

Saudi Arabia's fiscal position is expected to improve after years of deficits. The Kingdom forecasts public revenues to reach US\$301.3 billion in 2023, leading to an expected surplus of US\$4.3 billion, equivalent to a surplus of 0.4 per cent of GDP.

#### Saudi Arabia 2023 Budget

US\$ Billions	2020	2021	2022E	2023E
Revenue	208.5	257.3	329.1	301.3
Expenditure	286.9	277.1	301.9	297.1
<b>Surplus/ (Deficit)</b>	<b>(78.4)</b>	<b>(19.7)</b>	<b>27.2</b>	<b>4.3</b>
Nominal GDP	703.5	833.6	1,055.2	1,031.7
Public Debt	227.7	250.1	262.7	253.6
<i>Surplus/ (Deficit) - % of GDP</i>	<i>-11.1%</i>	<i>-2.4%</i>	<i>2.6%</i>	<i>0.4%</i>
<i>Public Debt - % of GDP</i>	<i>32.4%</i>	<i>30.0%</i>	<i>24.9%</i>	<i>24.6%</i>

Source: Saudi Arabia MoF; Table contains budgeted numbers for respective year

Saudi Arabia's government spending is expected to reduce from US\$301.9 billion in 2022 to US\$297.7 billion in 2023.

The anticipated Saudi budget surplus of US\$27 billion in 2022 would be the country's first surplus since 2013, compared to a 2.4 per cent budget deficit in 2021. Another budget surplus, combined with ongoing healthy nominal GDP growth, will support a further reduction in the public debt to GDP ratio to 24.6 per cent in 2023, owing largely to the government's plan to divert a portion of its income surpluses to fiscal reserves while also supporting a range of public development funds.



## Report of the Investment Manager and the Investment Adviser continued

**Saudi Arabia** launched a new research, development, and innovation (RDI) programme that seeks to add 60 billion riyals (US\$16 billion) to the kingdom's GDP by 2040. Saudi also announced US\$186 million investment to develop green economy, create quality job opportunities, and provide investment opportunities for the private sector. This will contribute to a potential reduction of carbon emissions by more than 278 million tons annually. Additionally, the Kingdom signs US\$10 billion investment deal for local infrastructure projects. It aims to provide over 150,000 housing units, different in size and design, covering 11 cities.

Saudi is also to announce initiatives for the tourism sector. It aims to launch a near US\$400 million hospitality investment fund, promoting lifestyle hotels with 2,000 hotel rooms and other lifestyle hospitality projects in various tourist destinations within the Kingdom.

Saudi announced US\$2.5 billion funding to a green initiative in the Middle East over the next ten years. Saudi Arabia intends to rely on renewables for 50% of its electricity output by 2030, reducing carbon emissions by 44 million tons by 2035. It also aims to plant 50 billion trees across the Middle East and restore an area equivalent to 200 million hectares of degraded land. The initiative will reduce global carbon levels by 2.5 percent.

Saudi is investing about SR200 billion (US\$53.2 billion) in various development projects to improve infrastructure in vital sectors such as transportation, water, and energy. In addition, the kingdom will spend another SR500 billion (US\$133.34 billion) over the following ten years to build airports, seaports, rail, and other infrastructure in order to establish the kingdom as a worldwide transportation and logistics hub.

Saudi launched its new national strategy for industry, aimed at making the country a manufacturing power house and accelerating its economic diversification drive. The new industrial strategy seeks to triple the country's industrial domestic product and more than double the value of industrial exports to SAR557 billion (US\$148.2 billion). Also, it aims to attract SAR1.3 trillion (US\$350 billion) in additional investment, increase exports of advanced technology products by sixfold and create tens of thousands of high-quality jobs.

**Qatar's** 2023 budget forecasts total revenue of US\$62.6 billion, up 16.3 per cent on 2022, based on an assumed oil price of US\$65/barrel up from US\$55/barrel in 2022. Government spending decrease by 2.6 per cent to US\$54.7 billion in 2023, mainly due to completion of most of the costs of hosting the World Cup and fall in projects provisions by 13.6 per cent compared to 2022. In 2023, the surplus is expected to be US\$8.0 billion, which will be used to pay public debt, sustain the reserves of the Qatar Central Bank, and expand the capital of the Qatar Investment Authority, reflecting the country's desire to stimulate and diversify its economy.

### Qatar 2023 Budget

US\$ Billion	2017	2018	2019	2020	2021	2022E	2023E
Total Revenues	46.7	48.1	58.0	58.0	44.0	53.8	62.6
Total Expenditures	54.5	55.8	56.8	57.8	53.5	56.1	54.7
<b>Surplus / (Deficit)</b>	<b>(7.8)</b>	<b>(7.7)</b>	<b>1.2</b>	<b>0.1</b>	<b>(9.5)</b>	<b>(2.3)</b>	<b>8.0</b>
Oil Price Assumption (USD/bbl)	45.0	45.0	55.0	55.0	40.0	55.0	65.0

Source: Qatar MoF; Table contains budgeted numbers for respective year

**Qatar** is projected to post the strongest growth rebound in the GCC, driven by LNG demand in the medium term. The growth is anticipated to be boosted by Qatar Energy's North Field Expansion Project, which is expected to be the main driver of its growth. Qatar Energy signed joint venture agreements with five of the world's largest oil firms to construct the North Field East, a US\$29 billion project that intends to expand Qatar's annual LNG output from 77 mtpa to 110 mtpa by 2026.

## Report of the Investment Manager and the Investment Adviser continued

The **UAE** approved a budget for 2023-2026 with a total estimated expenditure of US\$68.7 billion and estimated revenues of US\$69.7 billion. The primary objectives are to meet future ambitions, stimulate entrepreneurship, attract foreign investment, make the community happy, and secure the emirate's position as a land of opportunities and innovation. Around US\$17 billion was approved for 2023 alone, with most allocated to development and social benefits projects (39.3 per cent) education (15.5 per cent) and healthcare (7.6 per cent). It seeks to develop services, provide the highest levels of social welfare, healthcare and education, and strengthen the country's economic environment and investment infrastructure.

The **UAE** government has started the first phase of the NextGenFDI programme, which intends to attract 300 digital enterprises to boost its Foreign Direct Investments and promote itself as a worldwide innovation hub. The advantages include speed up licensing, facilitating the issuance of bulk or golden visas, accelerating banking services, and providing commercial and residential lease incentives for advanced technology companies seeking to relocate to the UAE.

The **UAE's** Ministry of Economy has announced a new programme called "Thabat" to empower family enterprises, stimulate entrepreneurship, and double the contribution of family-owned firms to US\$320 billion by 2032. The goal is to turn 200 family businesses into large corporations by 2030, and to be one of the UAE economy's drivers for the next fifty years.

The **Kuwait** government has approved a National Development Plan worth US\$104 billion, which involves major expansion in the building and construction industry (major roadways, new airport terminal, new hospitals, new residential developments, new oil refinery and exploration, new railway and metro system, etc.). The upcoming planned initiatives include a potential US\$10 billion expansion in urgently needed energy generation capacity (via public-private partnerships), investment in environmental remediation projects, and defense and security opportunities.

**Oman** has set a budget for 2023 with total projected revenue of US\$26.1 billion, based on an oil price of US\$55/barrel, resulting in a deficit of US\$3.4 billion or 3 per cent of GDP in 2023. Higher oil prices boosted 2022 revenues to US\$37.0 billion, leading to an expected surplus of US\$3 billion. The government estimates the average price of oil in 2022 to be US\$94/barrel. However, Oman is expected to achieve fiscal and external surpluses in the medium term, owing mostly to increased oil revenue, fiscal discipline, and the implementation of a value added tax.

### Oman 2023 Budget

US\$ Billion	2017	2018	2019	2020	2021	2022E	2023E
Total Revenues	22.6	24.7	26.3	27.8	22.5	37.0	26.1
Total Expenditures	30.4	32.5	33.5	34.3	28.3	34.0	29.5
<b>Surplus / (Deficit)</b>	<b>(7.8)</b>	<b>(7.8)</b>	<b>(7.3)</b>	<b>(6.5)</b>	<b>(5.8)</b>	<b>3.0</b>	<b>(3.4)</b>
Oil Price Assumption (US\$/bbl)	45.0	50.0	58.0	58.0	45.0	50.0	55.0

Source: Oman MoF; Table contains budgeted numbers for respective year

### GCC central banks raises interest rates

Saudi Central Bank increased its repo rate and reverse repo rates by 50 bps each to 5 per cent and 4.5 per cent, respectively. The Qatar Central Bank hiked its deposit rate by 50 bps to 5 per cent, its lending rate by an equal amount to 5.5 per cent and its repo rate by 50 bps to 5.25 per cent. The Central Bank of the United Arab Emirates increased the base rate of its overnight deposit facility by 50 bps to 4.4 per cent from 3.9 per cent. The Central Bank of Bahrain increased its four-week deposit rate raising to 6 per cent and the lending rate to 6.5 per cent. Meanwhile, the Central Bank of Kuwait raised its discount rate by 50 bps from 3 per cent to 3.50 per cent.

## Report of the Investment Manager and the Investment Adviser continued

### GCC's IPO boom continues

The GCC region is set to see more capital markets activity in 2023 as more companies seek public listings, having been a bright spot amid a slowdown elsewhere this year. According to EFG Hermes, GCC firms raised approximately US\$21 billion, or 23 per cent, of the US\$91 billion raised through IPOs globally in 2022. This represents a significant increase over the previous year, when GCC IPOs accounted for only 2 per cent, or US\$10 billion, of global IPOs.

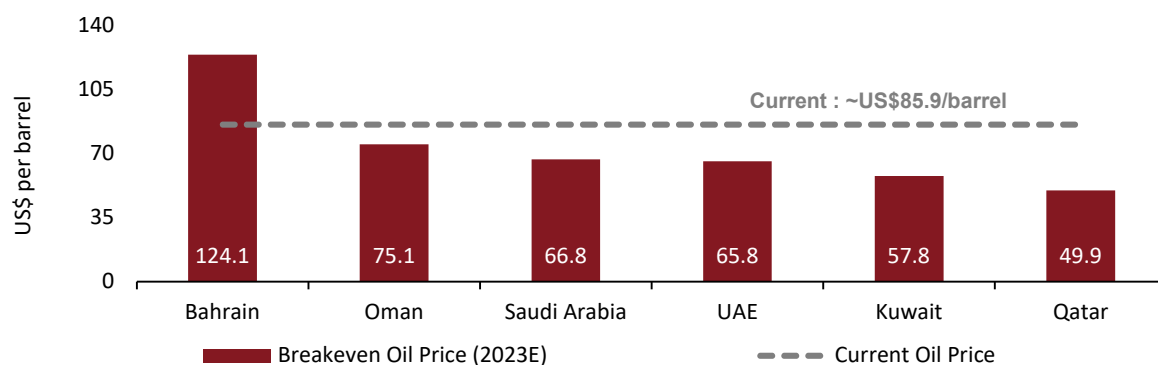
The UAE listed 12 companies in 2022, raising US\$11 billion, while Mena food franchisee Americana raised \$1.8 billion through its joint Abu Dhabi-Riyadh listing. The Dubai market has also been particularly active in 2022. Investors have been attracted to DEWA's steady cash flow and dividend generation potential and saw similar strength in other major listings in 2022, including Salik, Empower and TECOM, which collectively raised USD2.2 billion in June, September and November, respectively.

In addition, numerous significant consumer-focused enterprises with a private-sector affiliation were listed in 2022. Taaleem, a Dubai-listed educational corporation, raised US\$205 million. Burjeel, a healthcare operator, listed on the Abu Dhabi stock exchange and raised US\$300 million. The GCC IPO markets continue to see increased activity levels driven by government listings, boosting liquidity. Looking ahead, the IPO pipeline for 2023 should be the year in which more GCC private companies meet global emerging market investors in the ongoing GCC boom.

### OPEC+ continues to cut oil output

The OPEC+ alliance continue to restrict oil supply by 2 million barrels per day, amid uncertainty about the impact of new Western sanctions against Russia. OPEC output in November fell by 744,000 bpd from October to 28.83 million bpd, led by top exporter Saudi Arabia and other large producers such as Iraq. However, OPEC expected to see robust global oil demand growth in 2023 with potential economic upside coming from a relaxation of China's zero-COVID policies, which this year have pushed the country's oil use into contraction for the first time in years. OPEC+ forecasts world oil demand will grow by 2.25 million bpd in 2023.

### GCC countries fiscal breakeven oil price (2023E)



Source: IMF Regional Economic Outlook October 2022, Current Oil Price as on 01 Jan 2023

### Other Recent Developments

#### Saudi Arabia rating upgrade

S&P updated its outlook for Saudi Arabia to positive with its short and long term foreign and local currency sovereign credit ratings upgraded to A-/A-2 as the country's recovery from the pandemic accelerates. The favorable outlook is supported by higher oil revenues, rising oil output, and the government's goal of economic reform.

## Report of the Investment Manager and the Investment Adviser continued

### **Qatar rating upgrade**

Moody's upgraded Qatar's outlook from stable to positive and assigned 'Aa3' rating. The rise in energy prices, combined with Qatar's conservative fiscal strategy (controlling spending and reducing levels of state debt, particularly external debt), has boosted the country's credit rating.

Standard & Poor's credit rating for Qatar has been raised to 'AA' with stable outlook.

### **Bahrain rating update**

Bahrain's Long-Term Foreign-Currency Issuer Default Rating (IDR) has been affirmed by Fitch Ratings at 'B+' with a Stable Outlook. Real GDP growth is expected to exceed 6% in 2022, driven by particularly strong non-oil growth in tourism-related sectors as well as real estate and construction.

S&P revised Bahrain's outlook from stable to positive, enhancing the Kingdom's financial reputation and lowering the cost of public debt while also strengthening investor confidence in the country's attractive economic environment.

### **Oman rating upgrade**

S&P upgraded Oman's credit rating from "BB-" to "BB" with a stable outlook, indicating significant improvements in Oman's fiscal performance and balance of payments positions. Oman has made major efforts to lower public debt in order to benefit from increased revenue, claiming that increased hydrocarbon output and an increase in investments will boost economic growth.

Moody's revised Oman's outlook from 'stable' to 'positive' and affirmed its rating at 'Ba3'.

### **Saudi Arabia PIF raises US\$3bn via inaugural green bond**

The Public Investment Fund (PIF) of Saudi Arabia has concluded its bond issuance, raising US\$3 billion to support or refinance its green assets. The issuance is part of PIF initiatives to support the kingdom's green agenda, including the launch of the MENA Voluntary Carbon Market and renewable projects spearheaded by PIF as part of its commitment to develop 70 per cent of Saudi Arabia's renewable energy capacity by 2030, as outlined in Saudi Vision 2030.

### **Saudi Arabia plans one of the world's biggest airports**

Saudi Arabia announced plans to build one of the largest airports in the world, which will be called King Salman International Airport. The airport aims to accommodate up to 120 million passengers by 2030, with proposals for six parallel runways and the existing terminals. The airport is anticipated to handle up to 185 million passengers and 3.5 million tonnes of cargo by 2050.

### **Saudi Arabia launches supply chain initiative to attract US\$10.6bn of investments**

The Saudi Crown Prince has launched a new drive to attract global industrial enterprises to the country, with the goal of attracting 40 billion Saudi riyals (\$10.6 billion) in investments in the first two years. This initiative aims to boost Saudi Arabia's position in the global economy and to mitigate the impact of global disruptions.

### **UAE bond issuance**

The UAE government to issue T-bonds worth Dh2.2 billion in first quarter of 2023. The bonds will be issued via two auctions of Dh1.1 billion each. The key objective of local currency bond issuance is to establish the UAE yield curve. The government auctioned Dh9 billion worth of T-bonds in 2022 in six auctions of Dh1.5 billion each.

### **UAE launched initiative to support top 100 start-ups**

UAE launched the "Future 100" project, which will annually highlight the top 100 startups that will boost the country's future readiness and competitiveness in the UAE's future economic sector. This will support new economic sectors such as space, renewable energy and emerging technology.

## Report of the Investment Manager and the Investment Adviser continued

### **UAE announced new unemployment insurance scheme**

The UAE launched an unemployment insurance system as part of measures aimed at drawing more talent and investment to the regional commercial hub amid increased competition. It provides compensation for up to three months for employees in the public and private sectors who lose their jobs. It added that the move was intended to recruit the top international and national talent.

### **Bahrain EDB attracts US\$1.1 Billion in Direct Investment**

The Bahrain Economic Development Board (EDB) attracted US\$1.1 Billion in Direct Investment in 2022. The investment are from 88 companies and are expected to generate over 6,300 jobs in the local market over the next three years. It aims to enhance its business environment to increase FDI by more than US\$2.5 billion by 2023.

### **Bahrain new initiatives to achieve climate goals**

Bahrain has set up several short-term goals to meet its climate commitments by 2035, including the launch of several national initiatives and plans, such as the National Plan for Afforestation and the National Plan for Renewable Energy. However, Bahrain is not a significant contributor of greenhouse gas emissions, accounting for roughly 0.07 percent of total global emissions.

### **Bahrain attracts US\$72.7mn investment in financial services**

Bahrain has attracted \$72.7 million in direct investments during the first three quarters of 2022 through nine financial services companies either setting up in or expanding their business within the Kingdom. The financial service sector accounts for over 17 per cent of Bahrain's GDP and employs over 13,600, with Bahrainis representing almost 70 per cent.

### **Oman attracts US\$4.4bn in tourism investments**

Oman attracts US\$4.4 bn in tourism investments as it seeks to diversify economy. Oman's tourism development plan includes establishing a governance system, modernising the legal framework, updating the tourism laws and their executive regulations, overhauling the cultural heritage law and frameworks related to an agreement to grant incentives for investment projects.

## **GIF portfolio**

### **Country allocation**

GIF's weightings in GCC markets are based on the Investment Adviser's assessment of outlook and valuation.

Compared to the benchmark, GIF is overweight in Qatar (22.7 per cent vs. S&P GCC weighting of 11.2 per cent). GIF is underweight on Saudi Arabia (51.8 per cent vs benchmark weight of 58.1 per cent), UAE (10.2 per cent vs 17.5 per cent), Kuwait (8.6 per cent vs 11.4 per cent) and Oman (0.6 per cent vs 1.1 per cent). The fund's cash weighting was 6.1 per cent on 31 December 2022.

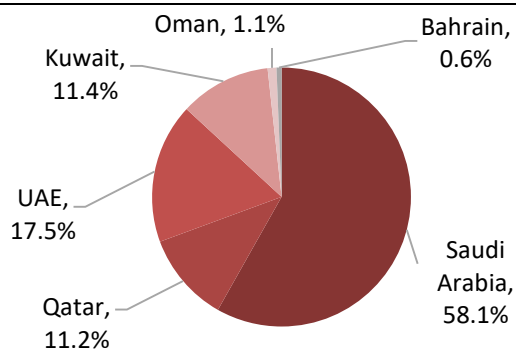
During the fourth quarter, exposure to Saudi Arabia increased to 51.8 per cent (from 40.8 per cent) as the 8.1 per cent sell off offered an attractive entry point on valuation grounds, while exposure to Qatar and UAE decreased by 8.5 per cent points and 8.8 per cent points respectively.

The fund's Qatar overweight arises from Qatar's macroeconomic resilience, growth prospects and attractive valuations. Qatar enjoys robust growth fueled by gas prices over the long term. We believe gas demand should hold up better than oil demand as the world transitions to net zero. Qatar already embarked on a programme on North Field expansion plan which includes six LNG trains that will ramp up Qatar's liquefaction capacity from 77 mtpa to 126 mtpa by 2027. As of 29 December 2022, Qatar was trading on P/E multiple of 12.08 times (MSCI EM trades on 10.7 times).

GIF ended the quarter with 28 holdings: 16 in Saudi Arabia, 5 in Qatar, 3 in the UAE, 3 in Kuwait and 1 in Oman.

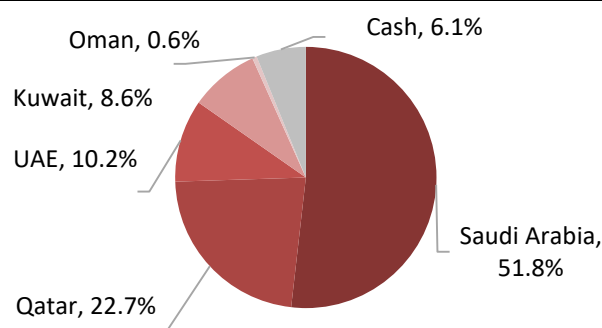
## Report of the Investment Manager and the Investment Adviser continued

### S&P Country Allocation as of 31 December 2022



Source: QIC, S&P GCC Factsheet

### GIF Country Allocation as of 31 December 2022

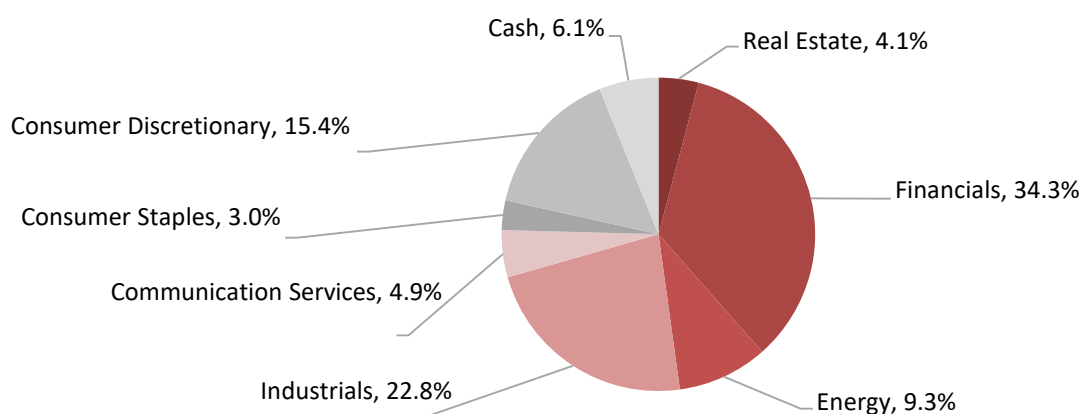


### Top 10 Holdings

Company	Country	Sector	% NAV Weighting
Saudi National Bank	Saudi Arabia	Financials	9.4%
Qatar Gas Transport	Qatar	Energy	9.3%
Qatar Navigation	Qatar	Industrials	7.2%
Alamar Foods	Saudi Arabia	Consumer Discretionary	6.4%
Integrated Holding Company	Kuwait	Industrials	4.3%
Emaar Properties Company	UAE	Real Estate	4.1%
Riyad Bank	Saudi Arabia	Financials	4.1%
United International Transportation Co.	Saudi Arabia	Industrials	4.0%
Company for Co-op Insurance	Saudi Arabia	Financials	3.7%
Air Arabia	UAE	Industrials	3.5%

Source: QIC

### Sector Exposure



Source: QIC; as of 31 December 2022

## Report of the Investment Manager and the Investment Adviser continued

During the fourth quarter, GIF expanded exposure to the consumer discretionary, industrials and communication services sector, as valuations appeared undemanding and growth profiles looked strong.

Exposure to consumer discretionary was increased to 15.4 per cent of NAV from 8.5 per cent in 3Q 2022, with Americana Restaurants and Leejam Sports Company added as new holdings. The fund subscribed for Americana Restaurants during its IPO and subsequently added more exposure to the name to take advantage of low penetration in the current market, population growth and the expansion plan. Leejam Sports is expected to be beneficiary of the growing fitness industry with a mix of premium & economy centers. A strong pipeline of new centers should strengthen its already market leading position in Saudi.

Industrial's exposure increased to 22.8 per cent of NAV from 17.5 per cent in 3Q 2022, mainly due to new holding in United International Transportation Company. The company intends to aggressively focus on the short-term rental business on expectations of strong pickup in tourism activity in Saudi Arabia.

GIF exposure to financials and materials sector were reduced to capture better opportunities elsewhere. Financial exposure fell from 39.3 per cent to 34.3 per cent of NAV; materials from 4.0 per cent to 0.0 per cent of NAV.

### Profile of Top Five Holdings:

#### **Saudi National Bank (9.4 per cent of NAV)**

The Saudi National Bank (SNB), formerly The National Commercial Bank, is Saudi Arabia's largest financial institution and one of its most powerful institutions. It provides a range of conventional and Shariah-compliant personal, business, and private banking solutions to individuals, corporate and institutional customers. SNB will play a vital role in catalysing the delivery of Vision 2030 of Saudi Arabia and supporting economic transformation. SNB seeks to leverage the expanded scale and digital capabilities to provide enhanced products and deliver unparalleled customer experience. SNB robust balance sheet, resilient business model, and healthy liquidity position enhance the bank's capability to compete locally and regionally, as well as to enable trade and capital movements between the Kingdom and regional and global markets.

#### **Qatar Gas Transport (9.3 per cent of NAV)**

Qatar Gas Transport Company (Nakilat) is a leader in energy transportation, with the world's largest LNG shipping fleet of 74 vessels. It is responsible for transporting the country's LNG production to its global customers and is integral to the state's LNG supply chain. Taking fleet management in-house and the huge North Field Expansion project should generate further growth. It plans to expand capacity with ship building agreements for 100+ vessels worth over QAR70 billion. Nakilat is set to be a major beneficiary of Qatar's LNG expansion. Given the long-term nature of its charter, Nakilat has a Stable profile with industry-leading EBITDA margins and attractive dividend/FCF yields.

#### **Qatar Navigation (7.2 per cent of NAV)**

Qatar Navigation (Milaha) is one of the largest and most diversified maritime and logistics companies in the Middle East with a focus on providing marine transport and services, as well as supply chain solutions. Higher shipping rates and volumes should drive revenue from container shipping and logistic business. In Logistic business, new global network partnerships and work related to NFE project should bring uplift in warehousing and freight forwarding activities. Ports management (QTerminals) business should also benefit from volume uptick/phase II expansion at the Hamad Port and growth associated with the NFE project. Recently, QNNS has signed an EPCI contract with Qatar Energy valued at more than QR. 1.4 Bn over the period of 5 years which will boost profitability. Milaha Offshore is also set to benefit from the NFE project.

## Report of the Investment Manager and the Investment Adviser continued

### Alamar Foods (6.4 per cent of NAV)

Alamar Foods is a Saudi-based leading Quick Service Restaurant (QSR) operator in the Middle East, North Africa, and Pakistan (MENAP Region). It develops and operates two globally recognized brands - Dominos and Dunkin Donuts. Dominos has exclusive rights to develop and operate across 16 countries in the MENAP region. Dunkin Donuts has exclusive rights to develop and operate stores in Egypt & Morocco. As a group, it has more than 600 stores in both the brands. Alamar is well positioned to benefit from a strong growth runway driven by a combination of store expansion, higher sales per store and continued investment in technology.

### Integrated Holding Company (4.3 per cent of NAV)

Integrated Holding Kuwait caters to business opportunities in Oil & Gas, Petrochemical, and Power in Kuwait, Qatar, Oman, and Saudi Arabia. It is the fourth largest in the world with crane ownership and leasing ability. It provides services for logistics, heavy lift, engineering and equipment requirements to MENA region. The Company's main activities are divided into five divisions: General transportation, Equipment hire division, Heavy lift handling, Forwarding and custom clearing division and Contracting division.

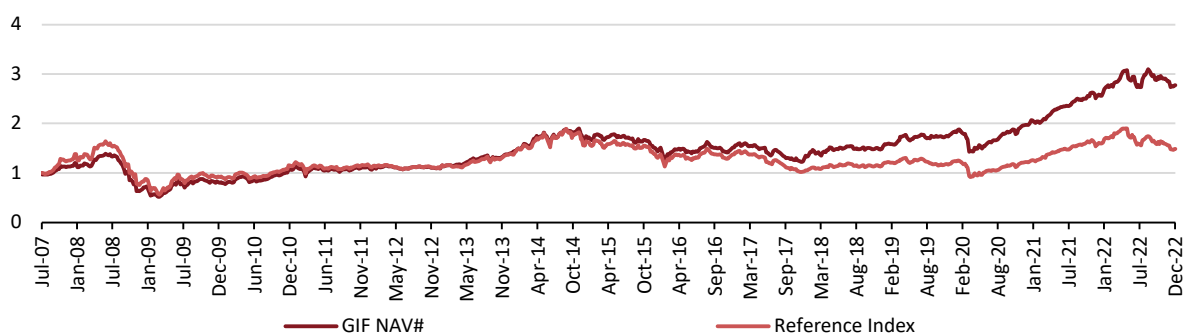
### GIF Performance:

NAV was down 1.8 per cent during 2H2022, while the Fund's benchmark, the S&P GCC total Index, was down 7.1 per cent.

For 2022, GIF NAV is up 8.4 per cent vs benchmark index down 4.8 per cent, outperforming its benchmark by 13.1 per cent over the year. GIF continue to outperform index, although 4Q 2022 was one of the worst quarters for Qatar and Saudi Arabia in past 10 years with Qatar market down 15.9 per cent while Saudi market was down 8.1 per cent. This comes in contrast with a recovery in global markets. During the quarter, MSCI World and EM were up 9.4 per cent and 9.2 per cent respectively.

During the year, markets in the region remained volatile and gains made during the first four months of the year were more than offset by declines in the months thereafter.

Since the investment mandate widened from Qatari-focused to Gulf-wide in December 2017, NAV has risen 124.9 per cent (dividend included), as against the 71.4 per cent returns recorded by S&P GCC total return index. On 31 December 2022, the GIF share price was trading at a 5.2 per cent discount to NAV, below the five-year average discount of 8.7 per cent.



Source: QIC, Bloomberg as of 31 December 2022; Note: #Div. Adj. NAV; Investment Strategy widened to GCC starting 07-Dec-2017, subsequently benchmark changed to S&P GCC Index from QE Index



## Report of the Investment Manager and the Investment Adviser continued

### GCC Outlook:

Valuations are turning attractive, and we believe markets will recover as global market volatility settles down. Going into 2023, we believe the outlook for GCC remains robust, supported by socio-economic reforms, infrastructure projects, favorable oil supply-demand dynamics that provides majority of GCC twin surpluses as well as an economy that is mostly shielded from recession fears in Europe & US.

While global investors generally are underweight Qatar, Kuwait, and Saudi, the weighting of the GCC in EM indexes is expected to increase as more IPOs are listed, governments sell stakes, and foreign ownership limits increase.

Oil continues to support the GCC's economic stability, as other economies are still facing elevated inflation and interest rate hikes. A combination of high oil prices, tax and expenditure reforms (like the introduction of VAT) and continued non-oil growth will lead to an improved GCC fiscal balance of 7.3 per cent of GDP by 2022, which is expected to remain positive for the foreseeable future. GCC countries have benefited from significantly higher oil prices, which have converted budget deficits into surpluses for 2022.

The increase in hydrocarbon prices provides an opportunity for GCC countries to shift to a green growth strategy and accelerate economic diversification by investing their windfall in sustainable sectors. GDP growth for GCC is expected to more than double vs 2021, reaching 6.5 per cent in 2022. Despite continued increase in inflation levels not seen in decades in many parts of the world, the inflation outlook for the GCC is relatively benign at 3.6% in 2022 and 2.6% in 2023, according to IMF's Regional Economic Outlook for October 2022. Global investors interest in GCC should increase. However, foreign inflows to the GCC will continue, attracted by credible fixed currency rates, generous dividend yields, high oil prices and market reforms.

### Valuation:

Market	Market Cap. US\$ billion	PE (x)		PB (x)		Dividend Yield (%)	
		2023E	2024E	2023E	2024E	2023E	2024E
Qatar	150.2	11.01	9.95	1.39	1.32	5.06	5.59
Saudi Arabia	2,607.1	14.52	12.73	2.11	1.96	3.53	3.86
Dubai	119.8	9.28	9.09	1.03	0.95	4.61	4.65
Abu Dhabi	687.6	13.40	13.32	1.84	1.74	2.56	2.58
Kuwait	153.0	16.49	N/A	N/A	N/A	N/A	N/A
S&P GCC	3,252.7	13.39	11.91	0.46	0.42	8.23	9.72
MSCI EM	19,070.4	11.37	11.41	1.55	1.42	3.41	3.26
MSCI World	55,880.8	15.52	14.80	2.61	2.41	2.25	2.37

Source: Bloomberg, as of 29 Dec 2022; Market Cap. as of 29 Dec 2022

## Income Statement

	Note	(Unaudited) For the period from 1 July 2022 to 31 December 2022 US\$'000	(Unaudited) For the period from 1 July 2021 to 31 December 2021 US\$'000
<b>Income</b>			
Net income/(loss) in investment at fair value through profit or loss		203	(11,874)
Distribution received from subsidiary		-	20,000
Interest income on loan		131	70
<b>Total net income</b>		<b>334</b>	<b>8,196</b>
<b>Expenses</b>			
Expenses	5	384	309
<b>Total operating expenses</b>		<b>384</b>	<b>309</b>
<b>(Loss)/profit before tax</b>		<b>(50)</b>	<b>7,887</b>
Income tax expense		-	-
<b>Retained (loss)/profit for the period</b>		<b>(50)</b>	<b>7,887</b>
<b>Basic and diluted (loss)/profit per share (cents)</b>	3	<b>(0.12)</b>	<b>15.76</b>

The accompanying notes form an integral part of these accounts

## Statement of Comprehensive Income

	(Unaudited) For the period from 1 July 2022 to 31 December 2022 US\$'000	(Unaudited) For the period from 1 July 2021 to 31 December 2021 US\$'000
<b>Loss/(profit) for the period</b>	<b>(50)</b>	<b>7,887</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(50)</b>	<b>7,887</b>

The accompanying notes form an integral part of these accounts

## Statement of Financial Position

	Note	(Unaudited) At 31 December 2022 US\$'000	(Audited) At 30 June 2022 US\$'000
<b>Assets</b>			
Investment at fair value through profit or loss – comprising:	1(a)		
- equity interest in subsidiary		76,909	76,705
- loan to subsidiary		<u>4,304</u>	<u>6,500</u>
		81,213	83,205
Other receivables and prepayments		286	65
Cash and cash equivalents	11	114	67
<b>Total assets</b>		<b>81,613</b>	<b>83,337</b>
<b>Equity</b>			
Issued share capital		410	411
Share premium		150	-
Reserves		80,974	82,853
<b>Total equity</b>		<b>81,534</b>	<b>83,264</b>
<b>Current liabilities</b>			
Other payables and accrued expenses	4	79	73
<b>Total current liabilities</b>		<b>79</b>	<b>73</b>
<b>Total equity and liabilities</b>		<b>81,613</b>	<b>83,337</b>

The financial statements were approved by the Directors on 22 February 2023 and signed on their behalf by:

**Anderson Whamond**  
Chairman

**David Humbles**  
Director

The accompanying notes form an integral part of these accounts

## Statement of Changes in Equity

	Share capital	Share premium	Reserves	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 July 2021	576	-	90,375	90,951
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	7,887	7,887
Total comprehensive income for the period	-	-	7,887	7,887
<b>Contributions by and distributions to owners</b>				
Dividends paid	-	-	(1,275)	(1,275)
Shares subject to tender offer	(55)	-	(9,772)	(9,827)
Tender offer expenses	-	-	(253)	(253)
Total contributions by and distributions to owners	(55)	-	(11,300)	(11,355)
<b>Balance at 31 December 2021</b>	<b>521</b>	<b>-</b>	<b>86,962</b>	<b>87,483</b>
	Share capital	Share premium	Reserves	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 July 2022	411	-	82,853	83,264
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(50)	(50)
Total comprehensive loss for the period	-	-	(50)	(50)
<b>Contributions by and distributions to owners</b>				
Dividends paid	-	-	(1,443)	(1,443)
Shares subject to tender offer	(2)	-	(345)	(347)
Tender offer expenses	-	-	(41)	(41)
Proceeds from shares issued	1	150	-	151
Total contributions by and distributions to owners	(1)	150	(1,829)	(1,680)
<b>Balance at 31 December 2022</b>	<b>410</b>	<b>150</b>	<b>80,974</b>	<b>81,534</b>

The accompanying notes form an integral part of these accounts

## Statement of Cash Flows

	Note	(Unaudited) For the period from 1 July 2022 to 31 December 2022 US\$'000	(Unaudited) For the period from 1 July 2021 to 31 December 2021 US\$'000
<b>Cash flows from operating activities</b>			
Received from investment at fair value through profit or loss		2,344	11,592
Operating expenses paid		(470)	(81)
Increase in trade and other receivables		(150)	-
<b>Net cash generated from operating activities</b>		<b>1,724</b>	<b>11,511</b>
<b>Financing activities</b>			
Proceeds from shares issued		151	-
Dividends paid		(1,443)	(1,275)
Cash used in tender offer		(347)	(9,827)
Tender expenses		(41)	(253)
<b>Net cash used in financing activities</b>		<b>(1,680)</b>	<b>(11,355)</b>
Net increase in cash and cash equivalents		44	156
Effects of exchange rate changes on cash and cash equivalents		3	1
Cash and cash equivalents at beginning of period		67	127
<b>Cash and cash equivalents at end of period</b>	11	<b>114</b>	<b>284</b>

The accompanying notes form an integral part of these accounts

## Notes to the Interim Financial Statements

### 1(a) Investment at fair value through profit or loss

	31 December 2022 US\$'000	30 June 2022 US\$'000
Equity interest in subsidiary	76,909	76,705
Loan to subsidiary	4,304	6,500
<b>Total investment in subsidiary</b>	<b>81,213</b>	<b>83,205</b>

The Company has one subsidiary, Epicure Qatar Opportunities Holdings Limited (“the Subsidiary”), which holds the portfolio of investments and has the investment management and custodian agreements. The investment in subsidiary is stated at fair value through profit or loss in accordance with the IFRS 10 Investment Entity Consolidation Exception. The fair value of the investment in Subsidiary is based on the year-end net asset value of the Subsidiary as reported by the Administrator. The loan to Subsidiary, with an aggregate principal amount of US\$4,304,261 (2021: US\$6,500,000), is included within this balance. The loan is subject to interest on the aggregate principal amount drawn down from 1 January 2011, at the US prime rate per annum. All loan repayments made by the Subsidiary will first be deducted from the outstanding loan interest before being applied to the principal balance. The loan is secured by fixed and floating charges over the assets of the Subsidiary and is repayable on demand. Additions and disposals regarding the investment in subsidiary are recognised on trade date.

### 1(b) Financial assets at fair value through profit or loss held by the Subsidiary

The Subsidiary holds a portfolio of quoted equities and P-Notes which are classified as fair value through profit or loss. The fair value for quoted equities is based on the current bid price ruling at the year-end without regard to selling prices. The fair value of P-Notes is based on the quoted period-end bid price of the underlying equity to which they relate. P-Notes are promissory notes issued by certain counterparty banks that are designed to offer the holder a return linked to the performance of a particular underlying equity security or market and used where direct investment in the relevant underlying equity security or market is not possible for regulatory or other reasons. To the extent dividends are received on the securities to which the P-Notes are linked, these are taken to investment income.

At 31 December 2022 the Subsidiary held 17 P-Notes with a value of US\$42,299,490, (June 2022 17 P-Notes US\$28,259,031) held to obtain exposure to Saudi Arabia where direct investment in equities is not possible for foreign investors.

Purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recorded at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit and loss are expensed as incurred.

Gains and losses (realised and unrealised) arising from changes in the fair value of the financial assets are included in the income statement in the year in which they arise.

## Notes to the Interim Financial Statements continued

**Investments held by the Subsidiary**

31 December 2022: Financial assets at fair value through profit or loss; all quoted equity securities or P-Notes:

Security name	Number	US\$'000
National Commercial Bank*	564,500	7,587
Qatar Gas Transport (QGTS QD)	7,458,694	7,500
Qatar Navigation (QNNS QD)	2,089,250	5,725
Alamar Foods*	139,891	5,131
Integrated Holding Company	2,860,000	3,432
Emaar Properties Company (EMAAR UH)	2,103,122	3,355
Riyadh Bank*	395,000	3,338
United International Transportation Co*	265,000	3,216
Company for Co-op Insurance*	140,935	3,020
AIR ARABIA B23DL40	4,840,182	2,820
Saudi British Bank B12LSY7*	261,000	2,678
Alinma Bank*	308,000	2,664
Bupa Arabia Co*	68,942	2,635
Seera Group Holdings*	563,000	2,610
Jazeera Airways	376,885	2,334
Americana Restaurants	2,585,400	2,084
Arabian Contracting Services*	70,655	1,982
Qatar National Bank (QNBK QD)	400,000	1,975
Saudi Telecom*	200,000	1,948
Americana Restaurants USD*	2,150,000	1,733
Qatar Insurance (QATI QD)	3,086,378	1,630
Commercial Bank of Qatar (CBQK QD)	1,002,436	1,376
Tanmiah Food*	36,867	1,287
Mezzan Holding Co (Mezzan KK)	920,797	1,180
Leejam Sports Co*	38,000	848
Riyadh Cables*	79,200	764
Bank Muscat USD*	650,000	455
Gulf Insurance*	61,581	403
<b>Total</b>		<b>75,710</b>

\*P-notes

**2 Net Asset Value per Share**

The net asset value per share as at 31 December 2022 is US\$1.9885 per share based on 41,002,152 ordinary shares in issue as at that date (30 June 2022: US\$2.0256 based on 41,105,216 ordinary shares in issue).

**3 Profit per Share**

Basic and diluted profit/(loss) per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	31 December 2022	31 December 2021
(Loss)/profit attributable to equity holders of the Company (US\$'000)	(50)	7,887
Weighted average number of ordinary shares in issue (thousands)	41,034	50,055
<b>Basic (loss)/profit per share (cents per share)</b>	<b>(0.12)</b>	<b>15.76</b>



## Notes to the Interim Financial Statements continued

**4 Other payables and accrued expenses**

	31 December 2022 US\$'000	30 June 2022 US\$'000
Administration fee payable	40	39
Accruals and sundry creditors	39	34
	79	73

**5 Charges and Fees**

	31 December 2022 US\$'000	31 December 2021 US\$'000
Administrator and Registrar's fees (see below)	81	83
Audit fees	44	17
Custodian fees (see below)	2	1
Directors' fees and expenses	68	86
Directors' insurance cover	22	23
Broker fees	22	28
Other	145	71
Other expenses	384	309

Investment management fees and custodian fees borne by the Subsidiary were US\$346,166 and US\$45,546 respectively (2021: US\$373,438 and US\$44,328 respectively).

**Investment Manager's fees***Annual fees*

The Investment Manager is entitled to an annual fee of 0.80% of the net asset value of the Company.

Management fees for the period ended 31 December 2022 amounted to US\$346,166 (31 December 2021: US\$373,438) and the amount accrued but not paid at the period-end was US\$170,108 (31 December 2021: US\$182,957). This fee is borne by the Subsidiary.

**Custodian fees**

The Custodian is entitled to receive fees of US\$7,200 per annum and US\$25 per processed transaction.

In addition the Custodian is entitled to receive fees of 8 basis points per annum in respect of Qatari securities held by the Subsidiary and 10 basis points per annum in respect of non-Qatari, GCC securities held by the Subsidiary and \$45 per settled transaction (Qatar)/\$50 per settled transaction (GCC excluding Qatar). From 1 March 2013 the custodian agreed to a 25% reduction in custodian fees relating to the Qatari market.

Custodian and sub-custodian fees for the period ending 31 December 2022 amounted to US\$45,546 (31 December 2021: US\$44,328). This fee is borne by the Subsidiary

**Administrator and Registrar fees**

The Administrator is entitled to receive a fee of 12.5 basis points per annum of the net asset value of the Company between US\$0 and US\$100 million, 10 basis points of the net asset value of the Company above US\$100 million.

This is subject to a minimum monthly fee of US\$12,000, payable quarterly in arrears. The Administrator receives an additional fee of US\$1,200 per month for providing monthly valuation data to the Association of Investment Companies.

## Notes to the Interim Financial Statements continued

### 5 Charges and Fees continued

#### **Administrator and Registrar fees continued**

The Administrator assists in the preparation of the financial statements of the Company and provides general secretarial services.

Administration fees paid for the period ending 31 December 2022 amounted to US\$80,555 and US\$8,594 for additional services (31 December 2021: US\$82,688 and US\$8,594 respectively).

#### **Directors' Remuneration**

The maximum amount of remuneration payable to the Directors permitted under the Articles of Association is £200,000 per annum.

Anderson Whamond as non-executive chairman was entitled to receive an annual fee of £35,000.

David Humbles as non-executive chairman of the Audit Committee is entitled to receive an annual fee of £26,250.

Neil Benedict as non-executive director receives £24,500 per annum.

The Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. Total fees and expenses paid to the Directors for the period ended 31 December 2022 amounted to US\$67,892 (31 December 2021: US\$85,898).

### 6 Taxation

#### *Isle of Man taxation*

The Company is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man and is subject to taxation at the rate of 0% in the Isle of Man.

### 7 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

The Investment Adviser is Qatar Insurance Company S.A.Q. The Company holds shares in Qatar Insurance Company S.A.Q. (see note 1(a)). The Investment Adviser's fees are paid by the Investment Manager.

The Investment Manager, Epicure Managers Qatar Limited, is a related party by virtue of its ability to make operational decisions for the Company (via the Subsidiary) and through common Directors. Fees paid and payable to the Investment Manager are disclosed in note 5.

Epicure Managers Qatar Limited is a wholly owned subsidiary of the Investment Adviser, Qatar Insurance Company S.A.Q.

## Notes to the Interim Financial Statements continued

### 8 The Company

Gulf Investment Fund plc (the "Company") was incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931-2004 on 26 June 2007 as a public company with registered number 120108C.

Pursuant to an Admission Document dated 25 July 2007 there was an original placing of up to 171,355,000 Ordinary Shares of 1 cent each, with Warrants attached on the basis of 1 Warrant to every 5 Ordinary Shares. Following the placing on 31 July 2007, 171,355,000 Ordinary Shares and 34,271,000 Warrants were issued; the warrants expired on 16 November 2012.

The Shares of the Company were admitted to trading on the AIM market of the London Stock Exchange ("AIM") on 31 July 2007 when dealings also commenced.

As a result of a further fund raising in December 2007, a further 76,172,523 Ordinary Shares were issued, which were admitted for trading on 13 December 2007.

On 4 December 2008, the share premium arising from the placing of shares was cancelled and the amount of the share premium account transferred to distributable reserves.

The Shares of the Company were admitted to trading on the Main Market of the London Stock Exchange on 13 May 2011.

On 8 December 2017 the Company's shareholders approved a change in investment policy from a largely Qatar focussed strategy to one which focusses more on a broader Gulf Co-operation Council strategy.

In the Circular published by the Company on 25 March 2021 the Board announced the implementation of an enhanced dividend policy targeting an annual dividend equivalent to 4 per cent. of Net Asset Value at the end of the preceding year, to be paid in semi-annual instalments.

The Net Asset Value per Share at 30 June 2021 was US\$1.7552 per share and pursuant to the above stated policy, the directors declared a first interim dividend for the year ended 30 June 2022 of 3.51 cents per ordinary share.

The dividend was paid on 21 October 2022 to ordinary shareholders on the register as at 9 September 2022 (the "Record Date").

The shareholders also approved a dividend of 3.51 cents per share on 31 December 2022. This will be paid to shareholders in March 2023.

The Company's agents and the Manager perform all significant functions. Accordingly, the Company itself has no employees.

### 9 The Subsidiary

The Company has the following subsidiary company:

	Country of incorporation	Percentage of shares held
Epicure Qatar Opportunities Holdings Limited	British Virgin Islands	100%

Epicure Qatar Opportunities Holdings Limited is a wholly owned subsidiary of the Company and was incorporated in the British Virgin Islands on 4 July 2007 under the provisions of the BVI Companies Act 2001, as a limited liability company with registration number 1415393. The principal activity of the Subsidiary is holding investments on behalf of the Company.

## Notes to the Interim Financial Statements continued

### 10 Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements for the year ended 30 June 2022.

#### 10.1 Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standard (“IFRS”) IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2022.

In accordance with IFRS 10, ‘Consolidated financial statements’, the Directors have concluded that the Company falls under the definition of an investment entity because the Company has the following characteristics:

- the Company has obtained funds for the purpose of providing investors with investment management services;
- the Company’s investing policy, which was communicated directly to investors, is investment solely for returns from capital appreciation and investment income; and
- the performance of investments is measured and evaluated on a fair value basis.

As a result, the Company does not consolidate its subsidiaries, instead it is required to account for these subsidiaries at fair value through profit or loss in accordance with IFRS 9, ‘Financial instruments’ and prepares separate company financial statements only.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company’s accounting policies. The financial statements do not contain any critical accounting estimates

#### 10.2 Segment reporting

The Company is organised into one operating segment, comprising the investment in a portfolio of equity securities in the GCC region via the wholly owned subsidiary. The financial performance of this portfolio is presented to and monitored by the Board of Directors, being the chief operating decision makers as defined under IFRS 8. All of the Company’s activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

### 11 Cash and Cash Equivalents

	31 December 2022 US\$'000	30 June 2022 US\$'000
Bank balances	114	67
Cash and cash equivalents	114	67

### 12 Post Balance Sheet Events

There were no post balance sheet events.

## Appendix

## Unaudited consolidated financial information

## Consolidated Income Statement

	(Unaudited) For the period from 1 July 2022 to 31 December 2022	(Unaudited) For the period from 1 July 2021 to 31 December 2021
	US\$'000	US\$'000
<b>Income</b>		
Dividend income on quoted equity investments	1,175	430
Realised gain on sale of financial assets at fair value through profit or loss	1,108	13,483
Net changes in fair value on financial assets at fair value through profit or loss	(1,593)	(5,249)
Commission	-	12
Interest income	68	-
<b>Total net income</b>	<b>758</b>	<b>8,676</b>
<b>Expenses</b>		
Investment manager's fees	346	373
Other expenses	462	416
<b>Total operating expenses</b>	<b>808</b>	<b>789</b>
<b>(Loss)/profit before tax</b>	<b>(50)</b>	<b>7,887</b>
Income tax expense	-	-
<b>(Loss)/profit for the year</b>	<b>(50)</b>	<b>7,887</b>
<b>Basic (loss)/profit per share (cents)</b>	<b>(0.12)</b>	<b>15.76</b>
<b>Diluted (loss)/profit per share (cents)</b>	<b>(0.12)</b>	<b>15.76</b>

## Notes:

- 1) Consolidated information has been presented to assist the user in interpreting the results of the Company and to be consistent with previous years. This information consolidates the results of the Subsidiary with the Company. It is based on IFRS requirements that would apply if the IFRS 10 consolidation exception for investment entities did not apply to the Company.
- 2) Where relevant to understanding the risks of financial instruments held by the Company certain disclosures relating to the subsidiary's assets and liabilities have been given in the notes to the Financial Statements and would be relevant to understanding the consolidated position presented in this appendix.

## Appendix

### Unaudited consolidated financial information

#### Consolidated Statement of Comprehensive Income

	(Unaudited) For the period from 1 July 2022 to 31 December 2022 US\$'000	(Unaudited) For the period from 1 July 2021 to 31 December 2021 US\$'000
<b>(Loss)/profit for the year</b>	<b>(50)</b>	<b>7,887</b>
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	-	-
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive expense for the year (net of tax)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (expense)/income for the year</b>	<b>(50)</b>	<b>7,887</b>

## Appendix

### Unaudited consolidated financial information

#### Consolidated Statement of Financial Position

	At 31 December 2022	At 30 June 2022
	US\$'000	US\$'000
<b>Assets</b>		
Financial assets at fair value through profit or loss	75,710	73,851
Other receivables and prepayments	1,170	2,731
Cash and cash equivalents	4,938	6,951
<b>Total assets</b>	<b>81,818</b>	<b>83,533</b>
<b>Equity</b>		
Issued share capital	410	411
Share premium	150	-
Reserves	80,974	82,853
<b>Total equity</b>	<b>81,534</b>	<b>83,264</b>
<b>Current liabilities</b>		
Other payables and accrued expenses	284	269
<b>Total current liabilities</b>	<b>284</b>	<b>269</b>
<b>Total equity and liabilities</b>	<b>81,818</b>	<b>83,533</b>

## Appendix

## Unaudited consolidated financial information

## Consolidated Statement of Changes in Equity

	Share capital	Share premium	Distributable reserves	Retained earnings	Foreign currency translation reserve	Capital redemption reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 July 2021	576	-	15,096	73,543	(221)	1,957	90,951
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	7,887	-	-	7,887
<b>Other comprehensive income</b>							
Foreign exchange translation differences	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,887	-	-	7,887
<b>Contributions by and distributions to owners</b>							
Dividends paid	-	-	-	(1,275)	-	-	-
Shares subject to tender offer	(55)	-	(9,827)	-	-	55	(9,827)
Tender offer expenses	-	-	(253)	-	-	-	(253)
Total contributions by and distributions to owners	-	-	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>521</b>	<b>-</b>	<b>5,016</b>	<b>80,155</b>	<b>(221)</b>	<b>2,012</b>	<b>87,483</b>
Balance at 1 July 2022	411	-	(6,356)	87,366	(221)	2,064	83,264
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	(50)	-	-	(50)
<b>Other comprehensive income</b>							
Foreign exchange translation differences	-	-	-	-	-	-	-
Total other comprehensive expense	-	-	-	(50)	-	-	(50)
<b>Contributions by and distributions to owners</b>							
Dividends paid	-	-	-	(1,443)	-	-	(1,443)
Shares subject to tender offer	(2)	-	(347)	-	-	2	(347)
Tender offer expenses	-	-	(41)	-	-	-	(41)
Proceeds from shares issued	1	150	-	-	-	-	151
Total contributions by and distributions to owners	(1)	150	(388)	(1,443)	-	2	(1,680)
<b>Balance at 31 December 2022</b>	<b>410</b>	<b>150</b>	<b>(6,744)</b>	<b>85,873</b>	<b>(221)</b>	<b>2,066</b>	<b>81,534</b>



## Appendix

## Unaudited consolidated financial information

## Consolidated Statement of Cash Flows

	(Unaudited) For the period from 1 July 2022 to 31 December 2022 US\$'000	(Unaudited) For the period from 1 July 2021 to 31 December 2021 US\$'000
<b>Cash flows from operating activities</b>		
Purchase of investments	(143,023)	(90,901)
Proceeds from sale of investments	142,662	101,290
Dividends received	958	452
Operating expenses paid	(904)	(530)
Interest received	68	12
Increase in trade and other receivables	(149)	-
<b>Net cash generated from operating activities</b>	<b>(388)</b>	<b>10,323</b>
<b>Financing activities</b>		
Proceeds from share issue	151	-
Dividends paid	(1,443)	(1,275)
Cash used in tender offer	(347)	(9,827)
Tender expenses	(41)	(253)
<b>Net cash used in financing activities</b>	<b>(1,680)</b>	<b>(11,355)</b>
Net decrease in cash and cash equivalents	(2,068)	(1,032)
Effects of exchange rate changes on cash and cash equivalents	55	16
Cash and cash equivalents at beginning of the period	6,951	1,802
<b>Cash and cash equivalents at end of the period</b>	<b>4,918</b>	<b>786</b>

## Glossary

### Alternative performance measures (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Interim Financial report.

#### Ongoing charges ratio

Ongoing charges (%) = Annualised ongoing charges divided by Average undiluted net asset value in the period

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the period as being the best estimate of future costs and include the annual management charge. As recommended by the AIC in its guidance, ongoing charges are calculated using the Company's annualised revenue and capital expenses (excluding finance costs, direct transaction costs, custody transaction charges, non-recurring charges and taxation) expressed as a percentage of the average daily net assets of the Company during the period. The inputs that have been used to calculate the ongoing charges percentage are set out in the following table:

Ongoing charges calculation*	31 December 2022 US\$'000	31 December 2021 US\$'000	
Management fee (note 5)	346	373	
Other operating expenses	462	416	
Total management fee and other operating expenses for the period	808	789	
Total annualised expenses	1,603	1,578	a
Average net assets in the period	85,784	92,073	b
<b>Ongoing charges (c=a/b)</b>	<b>1.87%</b>	<b>1.71%</b>	<b>c</b>

\*Including expenses of the Subsidiary.

#### Discount and premium

Shares can frequently trade at a discount to net asset value (NAV). This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. As at 31 December 2022, the share price was 1.8850c and the unaudited NAV per share was 1.9885c, giving a discount of 5.2%. A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets.

#### Period to date net asset value

This is the fall or rise, calculated as a percentage, in value of the Company's assets attributable to one ordinary share since 30 June 2022. The net asset value per share is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). The fall in period to date NAV is set out in the table below:

Date	Equity	Number of ordinary shares in issue	Net asset value per share	
30 June 2022	83,264,663	41,105,216	2.0256	a
31 December 2022	81,534,490	41,002,152	1.9885	b
<b>PTD Change in NAV (c=(b-a)/a)</b>				<b>(1.83%)</b> c