

Gulf Investment Fund plc

Annual Report

Year ended 30 June 2021

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Management and Administration

Directors

N Wilson (Non-executive Chairman) *
P Macdonald (Non-executive Director)* (resigned 20 November 2020)
N Benedict (Non-executive Director) *
D Humbles (Non-executive Director)*
all of the registered office below
* independent

Registered Office

Millennium House
46 Athol Street
Douglas
Isle of Man
IM1 1JB

Investment Manager

Epicure Managers Qatar Limited
Trinity Chambers
Road Town
Tortola
British Virgin Islands

Investment Adviser

Qatar Insurance Company S.A.Q.
PO Box 666
Tamin Street
West Bay
Doha
Qatar

Brokers

Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF

Custodian

HSBC Bank Middle East Limited
Qatar Branch
HSBC Security Services
PO Box No. 57
Doha
Qatar

Management and Administration continued

Administrator	Mainstream Fund Services (IOM) Limited Millennium House 46 Athol Street Douglas Isle of Man IM1 1JB
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 your Company's fourteenth Annual Report and Financial Statements for the year to 30 June 2021.

During the 12 months, your Company's Net Asset Value per Share ("NAV") rose by 42.4% to US\$1.7552 marginally underperforming the S&P GCC Composite Index which rose by 43.3%. The share price rose from US\$1.140 to US\$1.655 for a gain of 45.2%, resulting in a slight narrowing of the discount at which the shares trade to NAV. In addition the Company paid a dividend of 3.0c. The performance was helped by a strong recovery in global stock markets and buoyant hydrocarbon prices. During the period the price of Brent Crude rose by 85%.

Results

Results for the period under review showed a profit of \$39.663m generated from fair value adjustments, realised losses and dividend income. This is equivalent to a basic profit per share of 53.21c (2020 loss 8.80c).

As will be seen in the Investment Managers report, the geographical split of the portfolio has changed significantly during the period with Qatar still overweight at 35.4% (June 2020 weighting: 32.1%) of NAV due to its macro-economic resilience, followed by Saudi Arabia 39.9% (31.5%), UAE 20.8% (14%), Kuwait 2.1% (16.8%) and 1.8% (5.5%) in cash.

As at 30 June 2021, we had 34 holdings: 21 in Saudi Arabia, 7 in Qatar, 1 in Kuwait and 5 in the UAE. Once again our largest sector is Financials at 33.5% (June 2020: 36.1%).

The Company's Ongoing Charges (formerly Total Expense Ratio) fell to 1.55% from 1.86% in the previous year. The charges were calculated in accordance with the methodology recommended by the Association of Investment Companies.

Corporate events during the year

This financial year was an eventful one for the Company.

At the Extraordinary General Meeting held on 10 December 2020, shareholders voted in favour of a proposed tender offer. 40,643,418 shares were tendered, equal to 43.96 per cent. of the shares in issue. The post tender offer share capital of 51,817,824 Shares was above the minimum size condition, allowing for the 2020 Tender Offer to proceed.

The Tender Offer was completed in January 2021 and following the sale of assets in the Tender Pool the Tender Price per share was US\$1.4940. Of the 40,643,418 tendered shares 5,757,536 were transferred to treasury, and the remaining 34,885,882 shares were cancelled.

Following completion of the Tender Offer the Board published, on 25 March 2021, proposals for a bi-annual tender offer with an initial tender offer in September 2021. Shareholders approved these proposals on 19 April 2021. The September 2021 Tender Offer has a minimum size condition of 38,000,000 shares. Further details will be announced in September.

In addition, the proposals published in March 2021 detailed the proposed cancellation of the Company's premium share listing on the London Stock Exchange and to transfer trading of the Company's shares to the Specialist Fund Segment. This was completed on 19 May 2021.

Proposed dividend

In the 2021 Circular dated 25 March, the Board introduced an enhanced dividend policy targeting an annual dividend equivalent to 4 per cent. of Net Asset Value at the end of the preceding year, barring any unforeseen circumstances. The dividend was paid on 17 September 2021 to ordinary shareholders on the register as at 20 August 2021.

Chairman's Statement continued

Tender offer

Further to the approvals received from Shareholders at the extraordinary general meeting held on 19 April 2021, referenced above, the Company has launched the Tender Offer proposed in the 2021 Circular, outlined in more detail in the separate Tender Offer Announcement released on 23 September 2021. The Tender Offer is for up to 100 per cent. of each Shareholder's holding of Shares in the Company, subject to a Minimum Size Condition that the post Tender Offer share capital is not less than 38,000,000 Shares. The Tender Offer closes on 7 October 2021.

Related Party Transactions

Details of any related party transactions are contained in note 10 of this report.

Post balance sheet events

Details of these can be found in note 14 following the accompanying financial statements.

Outlook, risks and uncertainties

Fluctuations in oil and gas prices will continue to impact GCC economies, as countries deal with budget challenges. The geopolitics of the region bring economic uncertainty as does the situation with Iran.

The Board believes that the principal risks and uncertainties faced by the Company continue to fall in the following categories; 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. In addition, there will be a 100% tender offer in September with a minimum size condition of 38,000,000.

The Board continues to view the future of the Company with confidence expecting healthy growth in the region as a whole, as growth in the non-hydrocarbon sector in a number of GCC members helps to balance their economies.

Annual General Meeting

This will be my last Chairman's Statement as it is my intention to stand down as Chairman and Director at the end of the calendar year and I look forward to welcoming shareholders to our fourteenth Annual General Meeting later in the year at the Company's registered office at Millennium House, 46 Athol Street, Douglas, Isle of Man. Shareholders are advised that given the ongoing COVID-19 pandemic, it may difficult or impossible to attend the Annual General Meeting in person. Shareholders are therefore strongly encouraged to appoint the chairman of the meeting as their proxy.

Nicholas Wilson

Chairman

22 September 2021

Business Review

The following review provides information primarily about the Company's business and results for the year ended 30 June 2020. It should be read in conjunction with the Report of the Investment Manager and the Investment Adviser on pages 7 to 17 which gives a detailed review of the investment activities for the year and an outlook for the future.

Investment objective and strategy

The Company's investment objective is to capture the opportunities for growth offered by the expanding GCC economies by investing, through its wholly owned subsidiary, in listed or soon to be listed companies on one of the GCC exchanges.

The Company applies a top-down screening process to identify those sectors which should most benefit from sector growth trends. Fundamental industry and Company analysis, rather than benchmarking, forms the basis for both stock selection and portfolio construction.

The investment policy is on pages 18 to 20.

Performance measurement and key performance indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Investment Manager, the Directors take into account the following key performance indicators:

Returns and Net Asset Value

At each quarterly Board meeting the Board reviews the performance of the portfolio versus the S&P GCC Composite Index (local benchmark) as well as the net asset value, income, share price and expense ratio for the Company.

Discount/Premium to Net Asset Value

On a weekly basis, the Board monitors the discount/premium to net asset value. The Directors renew their authority at the AGM in order to be able to make purchases through the market where they believe they can assist in narrowing the discount to net asset value and where it is accretive to net asset value per share.

On 22 February 2017, the Company announced the details of its annual share buy-back programme. During the term of this share buy-back programme, the Company may purchase ordinary shares provided that:

- 1) the maximum price payable for an ordinary share on the London Stock Exchange is an amount equal to the higher of:
 - a. 105 per cent. of the average market value of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
 - b. In order to benefit from the exemption laid down in Article 5(1) of Regulation (EU) No 596/2014, the Company will not purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out; and
- 2) the aggregate number of ordinary shares which may be acquired on behalf of the Company in connection with this share buy-back programme shall not exceed 17,548,355 ordinary shares (updated at last AGM to 13,859,940).

Due to the limited liquidity in the ordinary shares, a buy-back of ordinary shares pursuant to the share buy-back programme on any trading day is likely to represent a significant proportion of the daily trading volume in the ordinary shares on the London Stock Exchange (and is likely to exceed the 25% limits of the average daily trading volume as laid down in Article 5(1) of Regulation (EU) No 596/2014 and as such the Company will not benefit from this exemption). The share buy authority resolution is for up to 14.99% of the Company's issued share capital. The Board has no present intention to exercise the authority in full but will keep the matter under review, taking into account the overall financial position of the Company and the discount to net asset value at which the Company's shares trade.

Whilst the Company has the requisite shareholder authority to conduct share buy-backs, the Company has not announced a share buy-back programme since the above programme which expired on 17 November 2017, however this is under regular review by the Board.

Business Review continued

The Board is responsible for close monitoring of the Company's share price and working with its broker to buy back shares when the Company believes appropriate so as to manage any discount to net asset value.

Yield

The Board monitors the dividend income of the portfolio and the amount available for distribution and considers the impact on the Company's annual dividend policy of future progressive dividend payments, subject to the absence of exceptional market events.

Principal risks and uncertainties

The Board confirms that there is an on-going process for identifying, evaluating and managing or monitoring the key risks to the Company. These key risks have been collated in a risk matrix document which is reviewed and updated on a quarterly basis by the Directors. The risks are identified and graded in this process, together with the policies and procedures for the mitigation of the risks. Apart from the key risks outlined below, the possibility of a tender offer up to 100% of the share capital of the Company and the Company's continuation is identified as an ongoing risk.

In addition to the tender offer noted on page 4 the key risks which have been identified and the steps taken by the Board to mitigate these are as follows:

Market

The Company's underlying investments consist of listed companies. There are no investments in companies soon to be listed. Market risk arises from uncertainty about the future prices of the investments. This is commented on in Notes 1 and 2 on pages 49 to 55.

Investment and strategy

The achievement of the Company's investment objective relative to the market involves risk. An inappropriate asset allocation may result in underperformance against the local index. Monitoring of these risks is carried out by the Board which, at each quarterly Board meeting, considers the asset allocation of the portfolio, the ratio of the larger investments within the portfolio and the management information provided by the Investment Manager and Investment Adviser, who are responsible for actively managing the portfolio in accordance with the Company's investment policy. The net asset value of the Company is published weekly.

Accounting, legal and regulatory

The Company must comply with the provisions of the Isle of Man Companies Acts 1931 to 2004 and since its shares are listed on the London Stock Exchange, the UK Listing Authority's Listing Rules and Disclosure Guidance and Transparency Rules ("FCA Rules"). A breach of company law could result in the Company and/or the Directors being fined or the subject of criminal proceedings. A breach of the UKLA Rules could result in the suspension of the Company's shares. The Board relies on its company secretary and advisers to ensure adherence to company law and UKLA Rules. The Board takes legal, accounting or compliance advice, as appropriate, to monitor changes in the regulatory environment affecting the Company.

From 3 July 2016 the Company must also comply with the Market Abuse Regulation (MAR) which contains prohibitions for insider dealing and market manipulation, and provisions to prevent and detect these.

Operational

Disruption to, or the failure of, the Investment Manager, the Investment Adviser, the Custodian or Administrator's accounting, payment systems or custody records could prevent the accurate reporting or monitoring of the Company's financial position. Details of how the Board monitors the services provided by the Investment Manager and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal control section of the Corporate Governance Report on pages 24 to 32.

Financial

The financial risks faced by the Company include market price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. Further details are disclosed in Notes 1(c), 2, 6 and 8.

Report of the Investment Manager and Investment Adviser

Regional market overview:

Country / Region	Index	30-Jun-20	31-Dec-20	2H2020	30-Jun-21	1H2021	LTM
Qatar	DSM Index	8,999	10,436	16.0%	10,731	2.8%	19.2%
Saudi Arabia	SASEIDX Index	7,224	8,690	20.3%	10,984	26.4%	52.0%
Dubai	DFMGI Index	2,065	2,492	20.7%	2,811	12.8%	36.1%
Abu Dhabi	ADSMI Index	4,286	5,045	17.7%	6,835	35.5%	59.5%
Kuwait	KWSEAS Index	5,131	5,546	8.1%	6,387	15.2%	24.5%
Oman	MSM30 Index	3,516	3,659	4.1%	4,063	11.1%	15.6%
Bahrain	BHSEASI Index	1,278	1,490	16.6%	1,588	6.6%	24.3%
S&P GCC	SEMGGCPD Index	97.41	114.07	17.1%	139.57	22.4%	43.3%
Brent	CO1 Comdty	41.15	51.8	25.9%	75.13	45.0%	82.6%
MSCI EM	MXEF Index	995	1,291	29.8%	1,375	6.5%	38.1%
MSCI World	MXWO Index	2,202	2,690	22.2%	3,017	12.2%	37.0%

Source: Bloomberg; LTM: Last Twelve Months

Global markets witnessed a strong performance as economic recovery gained momentum around the world driven by swift vaccine rollouts and easing of lockdown restrictions.

Gulf Cooperation Council (GCC) markets' performance was in line with global equity markets, with gains across all regional indices.

The price of oil (Brent) rose 45.0% in H12021, reaching ~US\$75 per barrel helped by easing of lockdown measures and production cuts from OPEC+.

After rising 17.1% in H2 2020, the S&P GCC index rose 22.4% in H1 2021. The positive performance in the first half of this year was led by Abu Dhabi rising 35.5 per cent, followed by Saudi Arabia up 26.4 per cent. Kuwait, Dubai, and Qatar gained 15.2 per cent, 12.8 per cent and 2.8 per cent, respectively. Oman and Bahrain markets rose 11.1 per cent and 6.6 per cent, respectively.

GCC: Vaccine rollout and oil price recovery to support growth

The IMF has lifted its estimated growth rate for GCC countries by 40 bps to 2.7 per cent GDP growth for 2021, followed by 3.8 per cent in 2022. The better-than-expected recovery of the GCC economies is underpinned by the expectation of the GCC countries inoculating significant proportion of their population by the end of 2021, with most countries having started vaccinations at the end of 2020 or early 2021. In addition, the recovery in oil prices, led by improving demand outlook, is expected to result in a gradual easing of fiscal deficits.

The IMF has also forecast a 0.7 per cent increase to 16.29 million bpd in average crude production in the GCC in 2021. This is expected to be followed by a much bigger increase of 5.4 per cent to 17.17 million bpd in 2022, due to further easing of production curbs. As a result, oil GDP for the GCC region was revised up by 40 bps to expected growth of 1.6 per cent in 2021.

Report of the Investment Manager and Investment Adviser continued

Table: IMF Real GDP Growth Forecast 2021 and 2022

Real GDP Growth	2018	2019	2020	2021e	2022e
GCC	1.9%	0.7%	-4.8%	2.7%	3.8%
GCC Oil GDP	2.4%	-1.4%	-6.0%	1.6%	4.3%
GCC Non-oil GDP	1.7%	2.4%	-3.9%	3.5%	3.4%

Source: IMF World Economic Outlook and Regional Economic Outlook April 2021

The increase in oil prices is expected to boost confidence and, in turn, support non-oil GDP, which is projected to expand by 3.5 per cent in 2021.

GCC deficits to shrink

The fiscal position in GCC nations came under pressure in 2020 from lower oil prices and reduced production, as well as higher pandemic-related spending, which resulted in a deficit of 9.2 per cent of the region's GDP. However, with stronger oil prices and higher oil revenues should improve fiscal balances. The IMF's prediction of stronger global economic growth also bodes well for a recovery of the oil market in 2021. The GCC's commitment to continue expanding non-oil revenues, should also improve GCC nation fiscal positions. The IMF also expects improvement in the deficit from 9.2 per cent of GDP in 2020 to 3 per cent in 2021, shrinking further to 1.4 per cent by 2022.

Table: Government fiscal balances

% of GDP	2018	2019	2020	2021e	2022e
Bahrain	-11.8	-9.0	-18.3	-9.1	-9.4
Kuwait	9.0	4.4	-9.4	-6.8	-4.5
Oman	-8.3	-6.7	-17.3	-4.4	-1.5
Qatar	5.9	4.9	1.3	1.4	7.3
Saudi Arabia	-5.9	-4.5	-11.1	-3.8	-2.5
UAE	1.9	0.6	-7.4	-1.3	-1.1
GCC	-1.6	-1.6	-9.2	-3.0	-1.4

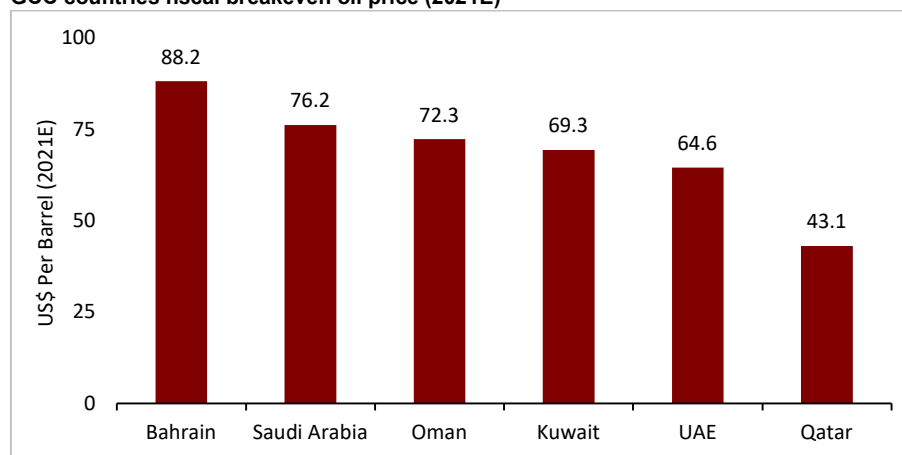
Source: IMF Regional Economic Outlook April 2021

OPEC+ to ease output cuts

In April, the OPEC+ alliance agreed to gradually ease oil production cuts amid a plan to add 2.1 million bpd of supply from May to July. The increase in production will also include Saudi Arabia unwinding its voluntary cuts of 1 million bpd that it introduced in February. As of July, the cuts still in place had narrowed to 5.8 million bpd (from a record 9.7 million bpd in June 2020). OPEC+ plans to moderately increase output in the second half of 2021 as demand picks up across the globe. However, the output rise is unlikely to be detrimental to prices, as demand growth is expected to outpace higher supply. The alliance estimates global oil demand will rise by 6 million bpd in 2021.

Report of the Investment Manager and Investment Adviser continued

GCC countries fiscal breakeven oil price (2021E)



Source: IMF Regional Economic Outlook April 2021

The IMF expects a decline in fiscal breakeven oil prices (the oil price that is needed to balance government budgets) across GCC countries, except for Kuwait. Kuwait is likely to see its fiscal breakeven price rise to US\$69.3 per barrel (vs US\$68.1 in 2020) due to financial pressure. Qatar is anticipated to have the lowest fiscal breakeven oil price of US\$43.1. The recent oil price increase means it is now nearing or above fiscal breakeven prices. If these higher prices are sustained during the rest of the year they will largely reduce the borrowing needs of GCC governments. High oil prices will also add to the resources available for economic diversification projects.

Saudi Arabia US\$7.2 trillion investment by 2030

Saudi Arabia announced plans to inject US\$7.2 trillion (SAR27 trillion) into the national economy by 2030:

	US\$ Trillion
Shareek Program	1.33
PIF	0.80
New Investment Strategy	1.07
Saudi Government	2.67
Saudi Consumer	1.33
Total	7.20

The Shareek (Partner) program was launched to strengthen the collaboration between the public and private sectors to fuel growth, diversify the economy and create job opportunities. The Shareek program is expected to enable and encourage the private sector to invest US\$1.33 trillion (SAR5 trillion) over the next 10 years. This program comprises twenty-four of the country's biggest companies from various sectors such as banks, oil, telecoms and petrochemicals. Energy giant Aramco and petrochemical firm SABIC will lead this Shareek program by contributing 60 per cent. The Public Investment Fund (PIF), the kingdom's sovereign wealth fund, will provide US\$800 billion (SAR3 trillion) and the remaining US\$1.07 trillion (SAR4 trillion) will come from a new "national investment strategy", of which some US\$533 billion (SAR2 trillion) would be foreign investment. The total amount would rise to US\$7.2 trillion (SAR27 trillion) with government spending of US\$2.67 trillion (SAR10 trillion) and domestic consumption of US\$1.33 trillion (SAR5 trillion).

Report of the Investment Manager and Investment Adviser continued

Saudi government aim to recycle this money by selling its shares in companies in coming years and by IPO'ing of newly launched projects. Moreover, Aramco would sell more shares as part of the plans to bolster sovereign wealth fund PIF, the main vehicle for boosting Saudi investments at home and abroad.

On top of this Saudi Arabia aims to raise US\$55 billion through its privatization program over the next four years. The Kingdom has identified 160 projects across 16 sectors for privatization, including asset sales and public-private partnerships. Asset sales will include television broadcasting towers, government-owned hotels, and desalination plants. It expects to secure US\$38 billion through asset sales and US\$16.5 billion through public-private partnerships, as the government seeks to increase revenue and reduce its budget deficit. In addition, it also seeks to devolve the management and financing of the state's medical infrastructure and health care to the private sector, as well as transportation networks, school buildings, airport services, water desalination and sewage treatment plants. Saudi Arabia launched the second version of Nitaqat with a goal to provide employment to 340,000 nationals by 2024. The program aims at developing and increasing the efficiency of the labor market and providing job opportunities to Saudis.

UAE visa reforms

The UAE announced multiple visa reforms to position the UAE as an attractive work and tourist destination. This includes a remote work visa that enables employees from all over the world to live and work in the country for one year and a multiple-entry tourist visa that is open to all nationalities. A new Multiple Entry Tourist Visa aims to facilitate the process for tourists and visitors. The five-year visa enables tourists to enter multiple times on self-sponsorship and remain in the country for 90 days on each visit with an option of extension for another 90 days. These reforms aim to boost the competitiveness of UAE's tourism sector and support the local economy.

The UAE government also announced the implementation of the amended Commercial Companies Law starting from June, allowing 100 per cent foreign ownership of UAE companies. It is expected that this decision will enhance the country's competitive edge and boost investor confidence. The amendment is the latest in a series of measures aimed at liberalizing business activity and attracting international investment to the Emirates. In addition, amid a push for economic diversification, Abu Dhabi plans to invest US\$6 billion in its Culture and Creative Industries (CCI) over the next five years. The performing arts, music, media, and electronic gaming sector in the Emirates is also expected to see further investments through various programs and initiatives.

Qatar: US\$29 billion for North Field expansion

Qatar Petroleum (QP) announced US\$29 billion to develop the North Field East (NFE) gas project with a capacity of 33 million tonnes per annum (mtpa). To be built in Ras Laffan, north-east Qatar, The NFE project is expected to increase Qatar's LNG production capacity to 110 mtpa from 77 mtpa. QP has awarded the engineering, procurement, and construction contract to a joint venture of Chiyoda and Technip which will build the four mega LNG trains with related utility facilities. Production is expected to start in 4Q2025.

This project will generate substantial revenues for the state of Qatar and will have significant benefits to all sectors of the Qatari economy during the construction phase and beyond. QP is also expected to announce second phase expansion of the North Field South (NFS) project this year which will lift the country's LNG capacity to 126 mtpa by 2027. Furthermore, QP is expected to sign the bulk of its project-related deals by the end of 2021.

Report of the Investment Manager and Investment Adviser continued

Qatar approved a draft law that would allow up to 100 per cent foreign ownership of listed companies in Qatar, with individual companies permitted to approve their own foreign ownership limits. Once implemented, the decision could trigger inflows of about US\$1.5 billion into listed companies and would earn bigger representation in global benchmarks for Qatar, according to an estimate by investment bank EFG-Hermes. This is also expected to have a substantial impact on the overall Qatari capital markets resulting in a boom for existing investors and domestic financial firms. The nation also extended pandemic-related financial support for private businesses, particularly the National Guarantees Programme through the end of September 2021. Further, the interest grace period for the National Guarantee Programme was also extended for an additional year to cover two years without interest until April 2022.

The Kuwait government announced an expansionary draft budget for FY2021/22 with total spending of KWD23 billion, up 7 per cent, led by a 20 per cent increase in capex and a 5 per cent increase in current spending. Total revenues are projected at KWD10.9 billion, a rise of 46 per cent, on the back of higher oil revenues (oil price of US\$45/bbl; production of 2.4 million bpd), which comprise 83 per cent of total revenues. As a result, the budget deficit is expected to be KWD12.1 billion (34 per cent of GDP).

Oman plans to lower corporation tax for SMEs for 2020 and 2021 as well as for companies operating in sectors aimed at economic diversification. These and other fiscal measures are expected to reduce the fiscal deficit substantially in 2021. The Sultanate also plans to offer long-term residency to foreign investors. A 5 per cent value added tax came into effect from mid-April, and is expected to raise around US\$1.03 billion annually, roughly 1.5 per cent of GDP.

GCC IPO pipeline

GCC nations are expected to launch a flurry of IPOs as the roll out of various initiatives relating to business ownership and listing requirements boost primary markets in the region. In addition, with countries gradually exiting lockdowns, a degree of investor confidence is returning. GCC markets saw 5 IPOs raising US\$571 million in Q1 2021. The number of companies set to debut on Gulf markets is expected to increase in the second half of 2021, as businesses wait to list on the local stock exchanges. Mubadala's satellite company, Yahsat, raised around US\$730 million and is the first major IPO on the Abu Dhabi bourse since 2017. Saudi firm Tanmiah Food Co. has launched its IPO expecting to raise as much as US\$118 million. Meanwhile, the Qatar Stock Exchange is set to launch the QE Venture Market aimed at SMEs that do not fulfil the listing requirement of the main market to give them an alternative fundraising option.

GCC vaccination

The UAE leads the GCC and the world with its vaccination program. After the UAE, Bahrain's program is the most advanced. Other GCC nations are continuing their vaccination programs and are approving more vaccine types.

Table: GCC vaccination update

Vaccination by country	Doses Administered	
	Per 100 people	Total (Millions)
UAE	170	16.80
Bahrain	135	2.31
Qatar	131	3.78
Saudi Arabia	77	26.87
Kuwait	56	2.38
Oman	37	1.89

Source: Official data collated by Our World in Data as of July 31, 2021.

Report of the Investment Manager and Investment Adviser continued

Other recent developments

Saudi Arabia

On April 4, 2021, Saudi Stock Exchange delisted Samba Financial Group shares on completion of listing the shares that were issued to Samba's eligible shareholders in respect of the merger transaction, confirming that the merger has been concluded. In October 2020, NCB and Samba entered into a binding merger agreement to form the Kingdom's largest bank with assets of SAR837 billion. The binding agreement comes after both banks signed a framework agreement in June 2020 for a potential merger, with NCB being the merging bank with the new name "Saudi National Bank". NCB paid SAR28.45 for each Samba share as part of the deal, valuing the lender at about SAR55.7 billion. The purchase price reflects a 3.5 per cent premium to Samba's October 8, 2020, closing price of SAR27.50.

Saudi Arabia has set up a bank dedicated to small and medium-sized enterprises (SMEs) bringing together all financing solutions under one umbrella enabling SMEs to access appropriate financing while achieving stability and growth.

The Saudi Crown Prince revealed that Saudi Arabia is not planning to introduce income tax and described the current 15 per cent VAT as a temporary measure, which could fall to 5-10 per cent within the next five years.

Saudi Arabia issued a two-tranche US\$5.5 billion bond with maturities of 12 and 40 years (drawing US\$22 billion in orders) and pricing of 130bps above 10-year US treasuries and 3.45 per cent, respectively. Additionally, Saudi Arabia became the first GCC country to issue Euro-denominated negative-yielding bonds, selling EUR1 billion of 3 years' maturity bonds at -0.057 per cent and a EUR500 million 9 years bond at 0.646 per cent.

Saudi Arabia launched 'Nafes' platform with the aim of boosting private investments in the Kingdom's sports sector. The platform allows domestic and foreign investors to establish and expand sports clubs, academies, and private gyms by issuing licenses.

Saudi Arabia is considering building a new airport in Riyadh, to serve as a base for a new airline that the Public Investment Fund (PIF) is looking to launch. With the launch of the airline, the PIF seeks to tap the huge potential of the travel industry as it expects a vast increase in tourist arrivals.

UAE

Rating agency, Moody's, has affirmed UAE's Aa2 sovereign rating while maintaining a stable outlook supported by the relatively muted impact of the pandemic on the federal government's fiscal strength.

The UAE Central Bank has extended the validity of the Targeted Economic Support Scheme (TESS), until mid-2022 from June 30, 2021 earlier, to ensure financial and monetary stability.

The Crown Prince of Dubai has issued directives to reduce government procedures for doing business by 30 per cent within the next three months. The move is aimed to reduce the cost of conducting business and accelerating the pace of the Emirate's recovery.

Qatar

Qatar Petroleum (QP) raised US\$12.5 billion in a jumbo four-part bond sale with tranches maturing in 5, 10, 20 and 30 years (drawing US\$41 billion in orders). It sold \$1.5 billion in a five-year portion at 50 bps over US Treasuries (UST), \$3.5 billion in 10-year paper at 90 bps over UST, \$3.5 billion in 20-year notes at 3.15 per cent and \$4 billion in 30-year Formosa bonds at 3.3 per cent. QP is issuing dollar bonds for the first time in 15 years as it seeks to boost its liquefied natural gas (LNG) output.

Report of the Investment Manager and Investment Adviser continued

Kuwait

Rating agency Fitch cut Kuwait's outlook from stable to negative, while maintaining the sovereign's rating at AA, due to the expected depletion of the GRF and the absence of a debt law.

Bahrain

Moody's has cut Bahrain's outlook to negative from stable and maintained its B2 sovereign rating. The change of outlook is due to larger than earlier expected weakening in fiscal metrics.

S&P also revised Bahrain's outlook to negative from stable, citing insufficient pace of fiscal reforms to stabilize its finances and external debt. However, the agency affirmed Bahrain's rating at B+.

From June, Bahrain has extended its government support program for businesses affected by the pandemic for another three months. The businesses benefiting from this program include cinemas and entertainment venues, gyms, coffee shops, hair salons and kindergarten.

Oman

The Oman government issued US\$1.75 billion 9-year bonds paying 4.875 per cent, after drawing more than US\$11.5 billion in demand. The huge demand for the bonds is an encouraging indicator for its ability to fund its budget and avoid debt stress this year.

Portfolio structure

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 remained overweight Qatar (35.4 per cent of NAV vs. the S&P GCC Qatar weighting of 11.7 per cent), overweight UAE (20.8 per cent vs S&P GCC of 11.7 per cent). GIF is underweight Saudi Arabia (39.9 per cent vs S&P GCC weighting of 63.9 per cent), and Kuwait (2.1 per cent vs S&P GCC of 10.2 per cent).

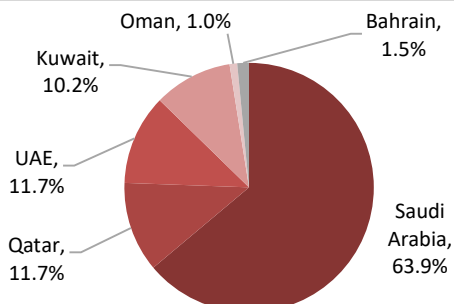
During the H1 2021, the fund's exposure to Qatar increased by 2.1 per cent, while exposure to Kuwait and Saudi Arabia was reduced by 3.1 per cent and 2.1 per cent, respectively as valuations looked stretched. The fund's cash position is now 1.8 per cent as of 30 June 2021 (vs 0.4 per cent as of 31 December 2020).

The Fund's overweight position in Qatar is linked to its macroeconomic resilience, future growth prospects and attractive valuations. We believe that valuations are inexpensive considering the North Field Expansion (64 per cent increase in LNG production) and a rise in economic activity due to FIFA World Cup 2022.

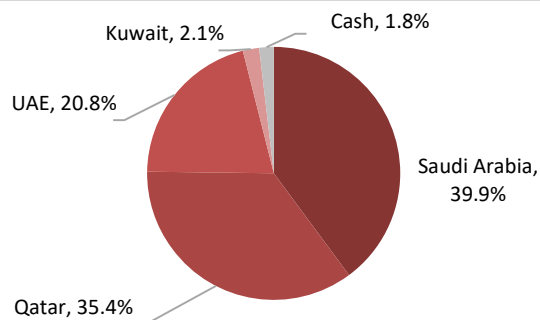
The Fund continues to be underweight and selective in Saudi Arabia due to its relatively expensive valuations. Following announcements related to the Shareek program, Saudi blue-chip stocks (esp. banks) rallied, which resulted in a sharp move in the broader market. This rally in the markets is primarily driven by positive sentiments and buoyant liquidity. The Saudi broader market is trading at P/E multiple of 36.02x as compared to MSCI EM multiple of 17.07x (as of 30 June 2021).

GIF ended the quarter with 31 holdings: 18 in Saudi Arabia, 7 in Qatar, 5 in the UAE, and 1 in Kuwait (vs. 32 holdings in 4Q2020: 15 in Saudi Arabia, 8 in Qatar, 7 in the UAE and 2 in Kuwait).

Report of the Investment Manager and Investment Adviser continued

S&P Country Allocation as of 30 June 2021

Source: QIC, S&P GCC Factsheet

GIF Country Allocation as of 30 June 2021**Top 5 holdings**

Company	Country	Sector	% share of GIF NAV
Qatar National Bank	Qatar	Financials	6.7%
Emaar Properties Company	UAE	Real Estate	6.6%
Industries Qatar	Qatar	Industrials	6.6%
Commercial Bank of Qatar	Qatar	Financials	6.5%
Al Khaleej Commercial Bank	Qatar	Financials	5.5%

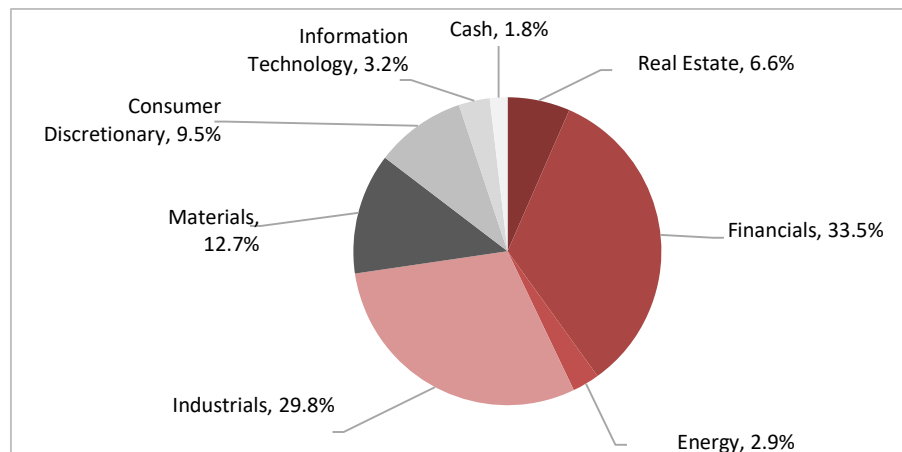
Source: QIC

As Covid-19 vaccination programs are gaining momentum globally, the stage is set for a recovery in the second half of the year and into 2022. Phased unlocking of the GCC economies has helped in recovery across sectors and is likely to gain momentum moving forward. The Investment Adviser seeks to identify companies which are likely to benefit from the expected recovery. However, expectations are that markets will remain volatile in the near term, and the Investment Adviser's focus remains on companies with solid balance sheets and stable cash flows, at attractive valuations.

Qatar National Bank (QNBK) and Emaar Properties (EMAAR) were GIF's top holdings owing to their strong fundamentals. The Investment Adviser increased exposure to Industries Qatar, while reducing exposure to Qatar Insurance.

Report of the Investment Manager and Investment Adviser continued

Sector Allocation



Source: QIC; as of 30 June 2021

The Investment Adviser increased exposure to the financial sector as valuations became attractive; as a result, financials remained the Fund's largest exposure at 33.5 per cent (up from 31.0% in 4Q2020). The Investment Adviser believes that most GCC banks have strong capital and liquidity buffers to safeguard them from systematic risk. However, lower interest rates along with an expected increase in non-performing loans could impact profitability in the near term. As such, GIF remained underweight the sector.

The Investment Adviser also increased exposure to the Materials sector to 12.7 per cent of NAV (vs 5.7 per cent in 4Q 2020) and the Consumer sector to 9.5 per cent of NAV (vs 6.8 per cent in 4Q 2020), while investments in the healthcare sector were all sold.

Top holdings:

Qatar National Bank (6.7 per cent of NAV)

Qatar National Bank (QNBK) is the largest bank in the Middle East and Africa (MEA) region with a presence in 31 countries. The bank is geographically diversified with stable growth (2011-2019 net profit CAGR of 7.5 per cent) and a high return on equity (2019: c.19 per cent), 53 per cent of domestic loan-market share and strong government support (52 per cent controlled by government entities), which supports the case for a strong lending pipeline for the bank in coming years. Focused on public sector and high-end corporate clients, QNB maintains a strong balance sheet backed by comfortable capital and liquidity as well as low asset quality risk, with non-performing loans at one of the lowest levels among large financial institutions in the MEA region (~2.1 per cent).

Emaar Properties (6.6 per cent of NAV)

Emaar Properties (EMAAR) is the UAE's largest real estate developer. The Group's business encompasses UAE & International Development, Emaar Malls, Emaar Hospitality, and Entertainment & Leasing. The brand EMAAR has a varied retail asset portfolio, which includes the Burj Khalifa, Dubai Mall, and Dubai Fountain. The reopening of the economy is expected to boost demand for retail operators. Additionally, the recovery in the real estate sector supported by the strong property sales will support topline growth.

EMAAR also has a growing presence in international markets such as India, Egypt, KSA, and Turkey. Furthermore, the developer has a strong balance sheet, a strong credit profile, substantial debt coverage, and has generated significant brand loyalty.

Report of the Investment Manager and Investment Adviser continued

Industries Qatar (6.6 per cent of NAV)

Industries Qatar (IQ) mainly operates in steel, petrochemicals, and fertilizers sectors. The significant uptick in commodity prices along with the growth momentum prompted by the easing of lockdown related restrictions is expected to have positive impact on the company's earning trajectory. In addition, we expect a favorable financial impact on IQ's earnings following the recent acquisition of the remaining 25 per cent stake in its Fertilizer JV "QAFCO" and the extension of feedstock gas arrangements until 2035. Furthermore, IQ may seek similar opportunities, acquiring remaining stakes in other JVs which would give the company more exposure to petrochemicals.

Commercial Bank of Qatar (6.5 per cent of NAV)

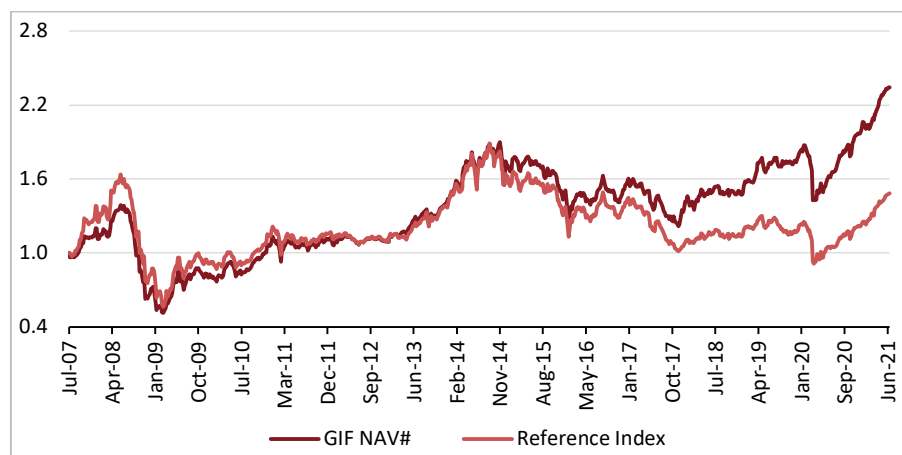
Commercial Bank of Qatar (CBQ) is the second-largest commercial bank in Qatar. As part of its 5-year turnaround strategy, it is strengthening its balance sheet by cautiously managing its risk exposure. Under its diversification strategy, CBQ has expanded its GCC footprint through strategic partnerships with associated banks, which include the National Bank of Oman (NBO) in Oman, United Arab Bank (UAB) in the UAE and its subsidiary Alternatifbank in Turkey.

Al Khaleej Commercial Bank (5.5 per cent of NAV)

Al Khaleej Commercial bank (KCBK) is a commercial bank headquartered in Doha. Qatari government entities are major shareholders in the bank. KCBK's principal business activities include wholesale banking, treasury services, and personal banking. KCBK and MARK recently approved their merger agreement which will create the largest Islamic Bank in Qatar with combined assets of US\$49 billion, as of 2020.

GIF Performance

YTD NAV rose 19.0% vs. 24.8% increase in S&P GCC. Since the investment mandate widened from Qatari-focused to Gulf-wide in December 2017, NAV has risen 90.3% (dividend included), as against the 66.2% from the S&P GCC total return index. On 30 June 2021, GIF share price was trading at a 5.7 per cent discount to NAV vs. one-year average discount of 8.6 per cent.



Source: QIC, Bloomberg as of 30 June 2021; 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 Investment Adviser continued

Outlook

As the vaccination campaign gathers pace the economic recovery is gaining momentum with lowering infection rates and steady uptick in consumer sentiment. All Gulf states are reopening their economies in a phased manner.

Against the backdrop of increasing global optimism, we believe that the GCC economies will recover, with rising oil prices helping to restore the fiscal and external positions and boosting confidence. With the oil price is above fiscal breakeven for most GCC countries, it provides the comfort to focus on diversification and spending plans. This, coupled with large capital reserves will help maintain public spending. The IMF expects GCC growth at 2.7 per cent in 2021, and 3.8 per cent in 2022.

Investing in the region is not just all about oil. It is about diversification, infrastructure spending, expansion of the non-oil and gas sector, privatization, and economic, social, and capital market reforms. The ongoing socio-economic/structural reforms in Saudi Arabia continue to reveal opportunities for long term investors. The Shareek Programme, which is a part of the Kingdom's SAR27 trillion investment plan, should boost economic growth and strengthen the private sector. In the near term, events such as FIFA World Cup 2022, and large-scale infrastructure projects such as NEOM City, the Red Sea project, and the North Field Gas expansion project should fuel economic prosperity. Over 1.7 million people could visit Qatar during the FIFA tournament from what could be the world's first post-Covid mass audience sporting event. Additionally, the pandemic has opened opportunities to many sectors looking for consolidation to form stronger entities in order to gain market share and improve operational efficiency.

This picture is compelling when compared to investment opportunities especially given the recent strong rally in the global equity markets. Additionally, the region offers a dollar-linked superior dividend yield. GCC markets typically outperform global/EM during risk-off periods, after the initial sharp recovery. This flows from their defensive qualities, which include higher local participation, US\$-pegged currencies, low betas versus EM, and low correlation.

Valuation:

Market	Market Cap.	PE (x)		PB (x)		Dividend Yield (%)	
	US\$ billion	2021E	2022E	2021E	2022E	2021E	2022E
Qatar	148	13.97	12.49	1.63	1.53	3.57	4.09
Saudi Arabia	2591	20.23	18.27	2.43	2.28	2.38	2.77
Dubai	83	12.91	10.16	1.00	0.94	3.54	4.22
Abu Dhabi	267	18.57	16.67	1.94	1.89	3.45	3.66
Kuwait	121	21.32	18.29	1.96	1.87	2.39	2.53
S&P GCC	3,045	18.26	16.30	2.07	1.95	4.38	3.15
MSCI EM	24,465	14.54	13.35	1.90	1.72	2.43	2.71
MSCI World	65,353	20.61	18.76	3.05	2.83	1.82	1.95

Source: Bloomberg, as of 1 July 2021; Market Cap. as of 30 June 2021

Epicure Managers Qatar Limited

22 September 2021

Qatar Insurance Company S.A.Q.

22 September 2021

Investment Policy

Investment objective

The Company's investment objective is to capture the opportunities for growth offered by the expanding GCC economies by investing, through its wholly owned subsidiary, in listed companies on one of the GCC exchanges or companies soon to be listed on one of the GCC exchanges.

The Company applies a top-down screening process to identify those sectors which should most benefit from sector growth trends. Fundamental industry and company analysis, rather than benchmarking, forms the basis of both stock selection and portfolio construction.

Assets or companies in which the Company can invest

The Company invests in listed companies on any GCC Exchanges in addition to companies soon to be listed. The Company may also invest in listed companies, or pre-IPO companies, in other GCC countries. The Company will also be permitted to invest in companies listed on stock markets not located in the GCC which will have a significant economic exposure to and/or derive a significant amount of their revenues from GCC countries.

Whether investments will be active or passive investments

In the ordinary course of events, the Company is not an activist investor, although the Investment Adviser will seek to engage with investee company management where appropriate.

Holding period for investments

In the normal course of events, the Company expects to be fully invested, although the Company may hold cash reserves pending new IPOs or when it is deemed financially prudent. Although the Company is a long-term financial investor, it will actively manage its portfolio.

Spread of investments and maximum exposure limits

The Company will invest in a portfolio of investee companies. The following investment restrictions are in place to ensure a spread of investments and to ensure that there are maximum exposure limits in place (see investment guidelines under Investing Restrictions).

Policy in relation to gearing and derivatives

Borrowings will be limited, as at the date on which the borrowings are incurred, to 5% of NAV. Borrowings will include any financing element of a swap. The Company will not make use of hedging mechanisms.

The Company may utilise derivative instruments in pursuit of its investment policy subject to:

- such derivative instruments being designed to offer the holder a return linked to the performance of a particular underlying listed equity security;
- a maximum underlying equity exposure limit of 15 per cent of NAV (calculated at the time of investment); and
- a policy of entering into derivative instruments with more than one counterparty in relation to an investment, where possible, to minimise counterparty risk.

Policy in relation to cross-holdings

Cross-holdings in other listed or unlisted investment funds or ETFs that invest in Qatar or other countries in the GCC region will be limited to 10 per cent. of Net Asset Value at any time (calculated at the time of investment).

Investment Policy continued

Investing restrictions

The investing restrictions for the Company are as follows:

(i) Foreign ownership restrictions

Investments in most GCC listed companies by persons other than citizens of that specific GCC country have an ownership restriction wherein the law precludes persons other than citizens of that specific GCC country from acquiring a certain proportion of a company's issued share capital. It is possible that the Company may have problems acquiring stock if the foreign ownership interest in one or more stocks reaches the allocated upper limit. This may adversely impact the ability of the Company to invest in certain companies listed on the GCC exchanges.

(ii) Investment guidelines

The Company has established certain investment guidelines. These are as follows (all of which calculated at the time of investment):

- No single investment position in the S&P GCC Composite constituent may exceed the greater of: (i) 15 per cent. of the Net Asset Value of the Company; or (ii) 125 per cent. of the constituent company's index capitalisation divided by the index capitalisation of the S&P GCC Composite Index, as calculated by Bloomberg (or such other source as the Directors and Investment Manager may agree);
- No single investment position in a company which is not a S&P GCC Composite Index constituent may at the time of investment exceed 15 per cent. of the NAV of the Company; and
- No holding may exceed 5 per cent. of the outstanding shares in any one company (including investment in Saudi Arabian listed companies by way of derivative investment in P-Note or Swap structured financial products); and

(iii) Conflicts management

The Investment Manager, the Investment Adviser, their officers and other personnel are involved in other financial, investment or professional activities, which may on occasion give rise to conflicts of interest with the Company. The Investment Manager will have regard to its obligations under the Investment Management Agreement to act in the best interests of the Company, and the Investment Adviser will have regard to its obligations under the Investment Adviser Agreement to act in the best interests of the Company, so far as is practicable having regard to their obligations to other clients, where potential conflicts of interest arise. The Investment Manager and the Investment Adviser will use all reasonable efforts to ensure that the Company has the opportunity to participate in potential investments that each identifies that fall within the investment objective and strategies of the Company. Other than these restrictions set out above, and the requirement to invest in accordance with its investing policy, there are no other investing restrictions.

Returns and distribution policy

The Company's primary investment objective is to achieve capital growth. However, the Company has instituted an annual dividend policy to return to shareholders distributions at least equal to reported income for each reporting period. shareholders should note that this cannot be guaranteed and the level of distributions for any period remains a matter to be determined at the discretion of the Board.

Life of the Company

The Company currently does not have a fixed life but the Board considers it desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, at the annual general meeting of the Company in 2023, a resolution will be proposed that the Company continues in existence. More than 50 per cent. of shareholders voting must vote in favour for this resolution to be passed. If the resolution is passed, a similar resolution will be proposed at every third annual general meeting thereafter. If the resolution is not passed, the Directors will be required to formulate proposals to be put to shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

Investment Policy continued

Environmental, social and governance standards

The adoption of environmental, social, and governance (ESG) standards and principles by governments and regulators in the GCC will play a role in the sustainable economic recovery of the region. It is the ambition of the Fund's Manager to address investors' concerns about climate change-related risks such as changes in oil demand, rising temperatures, water supply, and the impact of extreme weather on their portfolios.

The Board and the Manager believe that integrating these considerations into our Investment Policy is in line with the Fund's aim of delivering long-term capital growth to investors. So, the Manager will be integrating ESG factors into our research and monitoring process wherever possible.

Currently, a challenge facing ESG-concerned GCC investors is the lack of consistent disclosures from corporates on top of the varying regulations and standards in operation globally. The Manager expects that governments in the GCC will seek to improve and standardise disclosures and ESG-related obligations in the coming years. The official multi-year economic and strategic 'visions' in Saudi Arabia, Qatar, Kuwait and the UAE include focus on sustainability, diversification and environmentally friendly practices.

We are already seeing the setting up of national sustainability goals, revamping water security programs, launching diversity initiatives, introducing ESG financial disclosure standards and publishing of ESG guidelines for exchange listings. There has been a shift towards investing in renewable energies, launching green bonds and other green financing initiatives, with a view to facilitating green solutions across a range of sectors.

Developments such as these will assist the Manager to integrate ESG considerations into our investment process. The Fund will update investors on progress in this important area in future.

Report of the Directors

The Directors hereby submit their annual report together with the audited financial statements of Gulf Investment Fund plc (the "Company") for the year ended 30 June 2021.

The Company

The Company is incorporated in the Isle of Man and has been established to invest primarily in quoted equities of Qatar and other Gulf Co-operation Council (GCC) countries. The Company's investment policy is detailed on pages 18 to 20.

Results and Dividends

The results of the Company for the year and its financial position at the year-end are set out on pages 44 to 48 of the financial statements.

The Directors manage the Company's affairs to achieve capital growth and the Company has instituted an annual dividend policy. The quantum of the dividend is calculated based on a proportion of the dividends received during the year, net of the Company's attributable costs. Any undistributed income will be set aside in a revenue reserve in order to facilitate the Company's policy of future progressive dividend payments. This policy will be subject to the absence of exceptional market events.

The Directors recommend a dividend of 3 cents per share in respect of the year ended 30 June 2021. For the year ended 30 June 2020, the Directors declared a dividend of US\$1,554,535 (3.0c per share) which was approved by shareholders on 20 November 2020. The dividend was paid on 5 March 2021 to ordinary shareholders on the register as at 5 February 2021 (the "Record Date").

Directors

Details of Board members at the date of this report, together with their biographical details, are set out on page 33.

Director independence and Directors' and other interests have been detailed in the Directors' Remuneration Report on pages 37 and 38.

Creditor payment policy

It is the Company's policy to adhere to the payment terms agreed with individual suppliers and to pay in accordance with its contractual and other legal obligations.

Gearing policy

Borrowings will be limited, as at the date on which the borrowings are incurred, to 5% of NAV (or such other limit as may be approved by the shareholders in general meeting). The Company will not make use of any hedging mechanisms. There were no borrowings during the year (2020: US\$ nil).

Donations

The Company has not made any political or charitable donations during the year (2020: US\$ nil).

Adequacy of the Information supplied to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as each is aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Report of the Directors continued

Statement of going concern

The Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis, however shareholders will be given the opportunity to vote for a 100% tender in 2021 and participate in bi-annual tenders thereafter. They will also vote for the continued existence of the Company at the annual general meeting (AGM) in 2023 and every third AGM thereafter.

Independent Auditors

KPMG Audit LLC has expressed its willingness to continue in office in accordance with Section 12 (2) of the Companies Act 1982.

Annual general meeting

The Annual General Meeting of the Company will be held later in the year at the Company's registered office.

A copy of the notice of Annual General Meeting is contained within this Annual Report. As well as the business normally conducted at such a meeting, Shareholders will be asked to renew the authority to allow the Company to continue with share buy-backs.

The notice of the Annual General Meeting and the Annual Report are also available at www.gulfinvestmentfundplc.com.

Corporate governance

Full details are given in the Corporate Governance Report on pages 24 to 32, which forms part of the Report of the Directors.

Substantial shareholdings

As at the date of publication of this annual report, the Company had been notified, or the Company is aware of the following significant holdings in its Share Capital.

	Ordinary Shares
Name	%
City of London Investment Management Company	39.97
Qatar Insurance Company S.A.Q.	33.42
1607 Capital Partners LLC	16.03
Union Bancaire Privee (Geneva)	2.50
Premier Milton Investors (London)	1.31
Deutsche Bank (Hong Kong)	0.84

Report of the Directors continued

Substantial shareholdings continued

The above percentages are calculated by applying the shareholdings as notified to the Company or the Company's awareness to the issued Ordinary Share Capital as at 30 June 2021.

On behalf of the Board

Nicholas Wilson

Chairman

22 September 2021

Millennium House

46 Athol Street

Douglas

Isle of Man

IM1 1JB

Corporate Governance Report

Compliance with Companies Acts

As an Isle of Man incorporated company, the Company's primary obligation is to comply with the Isle of Man Companies Acts 1931 to 2004. The Board confirms that the Company is in compliance with the relevant provisions of the Companies Acts.

Compliance with the Association of Investment Companies (AIC) Code of Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code which is available on the Financial Reporting Council's website: www.frc.org.uk. The Board confirms that the Company has complied throughout the accounting period with the relevant provisions contained within the UK Code – via examining compliance against the AIC Code of Corporate Governance.

The Board of the Company has considered the principles and provisions AIC Code of Corporate Governance as published in February 2019 (the AIC Code). The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The AIC Code is available on the AIC's website: www.theaic.co.uk.

The Board considers that reporting against the principles and recommendations of the AIC Code, which has been endorsed by the FRC, will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except the length of service of Mr. Wilson and as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- Interaction with the workforce

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions, with the exception of portfolio management, risk management and service provider performance management, are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Directors

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of the investment activity and performance.

All of the Directors are non-executive. The Board considers each of the Directors to be independent of, and free of any material relationship with, the Investment Manager and Investment Adviser.

The Board of Directors delegates to the Investment Manager through the Investment Management Agreement the responsibility for the management of the Company's assets in GCC securities in accordance with the company's investment policy and for retaining the services of the Investment Adviser. The Company has no executives or employees.

The Articles of Association require that all Directors submit themselves for election by shareholders at the first opportunity following their appointment and shall not remain in office longer than three years since their last election or re-election without submitting themselves for re-election.

The Board meets formally at least 4 times a year and between these meetings there is regular contact with the Investment Manager. Other meetings are arranged as necessary. The Board considers that it meets regularly enough to discharge

Corporate Governance Report continued

Directors continued

its duties effectively. The Board ensures that at all times it conducts its business with the interests of all shareholders in mind and in accordance with Directors' duties. Directors receive the relevant briefing papers in advance of Board and Board Committee meetings, so that should they be unable to attend a meeting they are able to provide their comments to the Chairman of the Board or Committee as appropriate. The Board meeting papers are the key source of regular information for the Board, the contents of which are determined by the Board and contain sufficient information on the financial condition of the Company. Key representatives of the Investment Manager attend each Board meeting. All Board and Board Committee meetings are formally minuted.

Board composition and succession plan

Objectives of Plan

- To ensure that the Board is composed of persons who collectively are fit and proper to direct the Company's business with prudence, integrity and professional skills.
- To define the Board Composition and Succession Policy, which guides the size, shape and constitution of the Board and the identification of suitable candidates for appointment to the Board.

Methodology

The Board is conscious of the need to ensure that proper processes are in place to deal with succession issues and the Nomination Committee assists the Board in the Board selection process, which involves the use of a Board skills matrix.

The matrix incorporates the following elements: finance, accounting and operations; familiarity with the regions into which the Company invests; diversity (gender, residency, cultural background); Shareholder perspectives; investment management; multijurisdictional compliance and risk management. In adopting the matrix, the Nomination Committee acknowledges that it is an iterative document and will be reviewed and revised periodically to meet the Company's on-going needs.

The Nomination Committee monitors the composition of the Board and makes recommendations to the Board about appointments to the Board and its Committees.

Directors may be appointed by the Board, in which case they are required to seek election at the first AGM following their appointment and triennially thereafter. Directors who are not regarded as independent are required to seek re-election annually. In making an appointment the Board shall have regard to the Board skills matrix.

A Director's formal letter of appointment sets out, amongst other things, the following requirements:

- bringing independent judgment to bear on issues of strategy, performance, resources, key appointments and standards of conduct and the importance of remaining free from any business or other relationship that could materially interfere with independent judgement;
- having an understanding of the Company's affairs and its position in the industry in which it operates;
- keeping abreast of and complying with the legislative and broader responsibilities of a Director of a company whose shares are traded on the London Stock Exchange;
- allocating sufficient time to meet the requirements of the role, including preparation for Board meetings; and
- disclosing to the Board as soon as possible any potential conflicts of interest.

Corporate Governance Report continued

Board composition and succession plan continued

Methodology continued

The Board authorises the Nomination Committee to:

- recommend to the Board, from time to time, changes that the Committee believes to be desirable to the size and composition of the Board;
- recommend individuals for nomination as members of the Board;
- review and recommend the process for the election of the Chairman of the Board, when appropriate; and
- review on an on-going basis succession planning for the Chairman of the Board and make recommendations to the Board as appropriate.

The Plan will be reviewed by the Board annually and at such other times as circumstances may require (e.g. a major corporate development or an unexpected resignation from the Board). The Plan may be amended or varied in relation to individual circumstances at the Board's discretion.

Board Committees

The Board has established the following committees to oversee important issues of policy and maintain oversight outside the main Board meetings:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Management Engagement Committee

Throughout the year the Chairman of each committee provided the Board with a summary of the key issues considered at the meeting of the committees and the minutes of the meetings were circulated to the Board.

The committees operate within defined terms of reference. They are authorised to engage the services of external advisers as they deem necessary in the furtherance of their duties, at the Company's expense.

Audit Committee

The Board has established an Audit Committee made up of at least two members and comprises, Nicholas Wilson, Neil Benedict and David Humbles. The Audit Committee is responsible for, inter alia, ensuring that the financial performance of the Company is properly reported on and monitored. The Audit Committee is chaired by David Humbles. The Audit Committee normally meets at least twice a year when the Company's interim and final reports to shareholders are to be considered by the Board but meetings can be held more frequently if the Audit Committee members deem it necessary or if requested by the Company's auditors. The Audit Committee will, amongst other things, review the annual and interim accounts, results announcements, internal control systems and procedures, preparing a note in respect of related party transactions and reviewing any declarations of interest notified to the Committee by the Board each on six monthly basis, review and make recommendations on the appointment, resignation or dismissal of the Company's auditors and accounting policies of the Company. The Company's auditors are advised of the timing of the meetings to consider the annual and interim accounts and the auditors shall be asked to attend the Audit Committee meeting where the annual audited accounts are to be considered. The Audit Committee Chairman shall report formally to the Board on its proceedings after each meeting and compile a report to shareholders on its activities to be included in the Company's annual report. At least once a year, the Audit Committee will review its performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Corporate Governance Report continued

Audit Committee continued

The terms of reference for the Audit Committee are available on the Company's website www.gulfinvestmentfundplc.com.

Significant Issues

During its review of the Company's financial statements for the year ended 30 June 2021, the Audit Committee considered the following significant issue as communicated by the auditor during their reporting:

Valuation and existence of investment in subsidiary

The valuation of the investment in subsidiary, including valuation and existence of the portfolio of investments held by the subsidiary, is undertaken in accordance with the accounting policies, disclosed in Notes 1(a) and 1(b) to the financial statements. All underlying investments are considered liquid and priced based on quoted prices in active markets and have been categorised as Level 1 or level 2 within the IFRS 13 fair value hierarchy. The underlying portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared each month and circulated to the Board. An independent custodian, HSBC Bank Middle East Limited, are used to hold the assets of the underlying investment portfolio. The underlying investment portfolio is reconciled regularly by the Manager and a reconciliation is also reviewed by the Auditor.

Remuneration Committee

The Company has established a Remuneration Committee. The Remuneration Committee is made up of at least two non-executive Directors who are identified by the Board as being independent. Its members are Neil Benedict (Chairman), Nicholas Wilson, and David Humbles. The Remuneration Committee normally meets at least once a year and at such other times as the Chairman of the Remuneration Committee shall require. The Remuneration Committee reviews the performance of the Directors and sets the scale and structure of their remuneration and the basis of their letters of appointment with due regard to the interests of shareholders. In determining the remuneration of Directors, the Remuneration Committee seeks to enable the Company to attract and retain Directors of the highest calibre. No Director is permitted to participate in any discussion of decisions concerning their own remuneration. The Remuneration Committee reviews at least once a year its own performance, constitutions and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The terms of reference for the Remuneration Committee are available on the Company's website www.gulfinvestmentfundplc.com.

Nomination Committee

The Company has established a Nomination Committee which shall be made up of at least two members and which shall comprise all independent non-executive Directors. The Nomination Committee comprises Nicholas Wilson (Chairman), Neil Benedict, and David Humbles. The Nomination Committee meets at least once a year prior to the first quarterly Board meeting and at such other times as the Chairman of the committee shall require. The Nomination Committee is responsible for ensuring that the Board members have the range of skills and qualities to meet its principal responsibilities in a way which ensures that the interests of shareholders are protected and promoted and regularly review the structure, size and composition of the Board. The Nomination Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Corporate Governance Report continued

Nomination Committee continued

The Nomination Committee will assess potential candidates on merit against a range of criteria including experience, knowledge, professional skills and personal qualities as well as independence, if this is required for the role.

Candidates' ability to commit sufficient time to the business of the Company is also key, particularly in respect of the appointment of the Chairman. The Chairman of the Nomination Committee is primarily responsible for interviewing suitable candidates and a recommendation will be made to the Board for final approval.

Management Engagement Committee

The Company has established a Management Engagement Committee which is made up of at least two members who are independent non-executive Directors. The Management Engagement Committee members are Neil Benedict (Chairman), Nicholas Wilson and David Humbles. The Management Engagement Committee will meet at least quarterly and is responsible for reviewing the performance of the Investment Manager and other service providers, to ensure that the Company's management contract is competitive and reasonable for the shareholders and to review and make recommendations to the Board on any proposed amendment to or material breach of the management contract and contracts with other service providers.

Board Attendance

The number of formal meetings during the year of the Board, and its Committees, and the attendance of the individual Directors at those meetings, is shown in the following table:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
Total number of meetings in year	6(6)	6(6)	2(2)	2(2)	4(4)
	Meetings Attended (entitled to attend)				
Nicholas Wilson (Chairman and Chairman of Nomination Committee)	6 (6)	6 (6)	2 (2)	2 (2)	4 (4)
Neil Benedict (Chairman of Remuneration Committee and Chairman of Management Engagement Committee)	6 (6)	6 (6)	2 (2)	2 (2)	4 (4)
David Humbles (chairman of Audit Committee from 20 November 2020)	6 (6)	6 (6)	2 (2)	2 (2)	4 (4)
Paul Macdonald* (Chairman of Audit Committee – resigned 20 November 2020)	3 (6)	3 (6)	0 (2)	1 (2)	2 (4)

The Annual General Meeting was held on 8 November 2019.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Its review takes place at least once a year. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives.

Corporate Governance Report continued

Internal Control continued

The Board has contractually delegated to external agencies, including the Investment Manager and the Investment Adviser, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered including the control systems in operation in so far as they relate to the affairs of the Company.

The Board, assisted by the Investment Manager and Investment Adviser, has undertaken regular risk and controls assessments. The business risks have been analysed and recorded in a risk and internal controls report which is regularly reviewed. The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Investment Manager and Investment Adviser, including its internal audit function provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

The Board confirms that there is an on-going process for identifying, evaluating and managing the Company's principal business and operational risks that have been in place for the year ended 30 June 2021 and up to the date of approval of the annual report and financial statements.

Accountability and Relationship with the Investment Manager, the Custodian and the Administrator

The Statement of Directors' Responsibilities is set out on page 34.

The Board has delegated contractually to external third parties, including the Investment Manager, the Investment Adviser, the Custodian and the Administrator, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, company secretarial and administration requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services provided, including the control systems in operation in so far as they relate to the affairs of the Company.

The Investment Manager, the Investment Adviser and the Administrator ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Investment Manager and the Administrator attend each Board meeting enabling the Directors to probe further on matters of concern.

Continued Appointment of the Investment Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an on-going basis. The Board reviews investment performance at each Board meeting and a formal review of the Investment Manager (and Investment Adviser) is conducted annually. As a result of their annual review, NAV performance has been found to be satisfactory and it is the opinion of the Directors that the continued appointment of the current Investment Manager (and Investment Adviser) on the terms agreed is in the interests of the Company's shareholders as a whole.

Relations with shareholders

The Chairman is responsible for ensuring that all Directors are made aware of shareholders' concerns. The shareholder profile of the Company is regularly monitored and the Board liaises with the Investment Manager to canvass shareholder opinion and communicate views to shareholders. The Company is concerned to provide the maximum opportunity for dialogue between the Company and shareholders. It is believed that shareholders have proper access to the Investment Manager at any time and to the Board if they so wish. All shareholders are encouraged to attend annual general meetings. Together with the Investment Manager and Investment Adviser, regular investor presentations are held to promote a wider following for the Company.

Viability statement

The Board makes an assessment of the longer term prospects of the Company beyond the timeframe envisaged under the going concern basis of accounting having regard to the Company's current position and the principal risks it faces.

Corporate Governance Report continued

Viability statement continued

The Board does this by performing robust risk assessments using a detailed risk matrix at each of its scheduled audit committee meetings.

The Company is a long-term investment vehicle and the Directors, therefore, believe that it is appropriate to assess its viability over a long-term horizon. The Board considers that assessing the Company's prospects over a period of five years is appropriate given the nature of the Company and the inherent uncertainties of looking out over a longer time period. The Directors believe that a five year period appropriately reflects the long term strategy of the Company and over which, in the absence of any adverse change to the regulatory environment, they do not expect there to be any significant change to the current principal risks and to the adequacy of the mitigating controls in place.

Notwithstanding the above the Company's shareholders will have the opportunity to vote for the cessation of the Company at the annual general meeting in 2023 which will be proposed as an ordinary resolution. In the event that the continuation vote is not passed the Directors will be required to put forward proposals to shareholders to the effect that the Company be wound up, liquidated, reorganised or unitised. If the continuation vote is passed, a further continuation vote will be proposed at every third annual general meeting thereafter. In addition, the Directors are committed to making a tender offer to shareholders for up to 100% of the share capital in 2021 with bi-annual tenders thereafter, subject to shareholder approval. The directors have a reasonable expectation that the company will continue after the 100% tender offer. However, until the shareholders both vote and tender, the outcome of the tender is impossible to predict.

Promoting the Company's Success

In accordance with corporate governance best practice, the Board is now required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year following the guidelines set out in the UK under section 172 (1) of the Companies Act 2006 (the "s172 Statement"). This Statement, from 'Promoting the Success of the Company' to "Long Term Investment" on page 32 provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

The purpose of the Company is to act as a vehicle to provide, over time, financial returns (both income and capital) to its shareholders.

The Company's Investment Objective is disclosed on page 5. The activities of the Company are overseen by the Board of Directors of the Company. The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Investment Adviser operates at its regular meetings and receives regular reporting and feedback from the other key service providers.

The Company is a long-term investment vehicle, with a recommended holding period of five or more years. It is externally managed, has no employees, and is overseen by an independent non-executive board of directors. Your Company's Board of Directors sets the investment mandate, monitors the performance of all service providers (including the Investment Adviser) and is responsible for reviewing strategy on a regular basis. All this is done with the aim of preserving and, indeed, enhancing shareholder value over the longer term.

Corporate Governance Report continued

Shareholder Engagement

The following table describes some of the ways we engage with our shareholders:

AGM	The AGM provides an opportunity for the Directors to engage with shareholders, answer their questions and meet them informally. The next AGM will take place later in the year in the Isle of Man. We encourage shareholders to lodge their vote by proxy on all the resolutions put forward.
Annual report	We publish a full annual report each year that contains a strategic report, governance section, financial statements and additional information. The report is available online and in paper format.
Company announcement	We issue announcements for all substantive news relating to the Company. You can find these announcements on the website.
Results announcement	We release a full set of financial results at the half year and full year stage. Updated net asset value figures are announced on a weekly basis.
Website	Our website contains a range of information on the Company and includes a full monthly portfolio listing of our investments as well as podcasts by the Investment Manager. Details of financial results, the investment process and Investment Manager together with Company announcements and contact details can be found here: www.gulfinvestmentfundplc.com
Investor relations	The Management Engagement Committee evaluates the level and effectiveness of the handling of investor relations.
Quarterly reports	The investment manager produces in depth quarterly investment reports to the market – these can also be found on the Company's website.

Other Service Providers

The other key stakeholder group is that of the Company's third party service providers. The Board is responsible for selecting the most appropriate outsourced service providers and monitoring the relationships with these suppliers regularly in order to ensure a constructive working relationship. Our service providers look to the Company to provide them with a clear understanding of the Company's needs in order that those requirements can be delivered efficiently and fairly. The Board, via the Management Engagement Committee, ensures that the arrangements with service providers are reviewed at least annually in detail. The aim is to ensure that contractual arrangements remain in line with best practice, services being offered meet the requirements and needs of the Company and performance is in line with the expectations of the Board, Manager, Investment Manager and other relevant stakeholders. Reviews include those of the Company's custodian, share registrar, broker and auditor.

Principal Decisions

Pursuant to the Board's aim of promoting the long term success of the Company, the following principal decisions have been taken during the year:

Portfolio The report of the Investment Manager and Investment Adviser on pages 7 to 17 details the key investment decisions taken during the year and subsequently. The Investment Manager has continued to monitor the investment portfolio throughout the year under the supervision of the Board.

Corporate Governance Report continued

ESG As highlighted on page 20, the Board is responsible for overseeing the work of the Investment Manager and this is not limited solely to the investment performance of the portfolio companies. The Board also has regard for environmental, social and governance matters that subsist within the portfolio companies.

Audit KPMG Audit LLC was re-appointed as auditor at the last AGM on 20 November 2020.

Long Term Investment

The Investment Manager's investment process seeks to outperform over the longer term. The Board has in place the necessary procedures and processes to continue to promote the long term success of the Company. The Board will continue to monitor, evaluate and seek to improve these processes as the Company continues to grow over time, to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations.

Communities and the environment

The Board expects the Manager, supported by its governance function, to engage with investee companies at the appropriate time on ESG matters in line with good stewardship practices.

The Board is also conscious of the importance of providing an investment product which meets the needs of its investors, including retail investors and pensioners.

The Board is conscious of the need to take appropriate account of broader ESG concerns and to act as a good corporate citizen.

On behalf of the Board

Nicholas Wilson

Chairman

22 September 2021

Board of Directors

Nicholas Wilson (Non-Executive Chairman)

Nicholas Wilson has over 40 years of experience in hedge funds, derivatives and global asset management. He has run offshore branch operations for Mees Pierson Derivatives Limited, ADM Investor Services International Limited and several other London based financial services companies. He is a director of EPE Special Opportunities Limited. He is a resident of the Isle of Man.

Paul Macdonald (Non-Executive Director) (Resigned 20 November 2020)

Paul Macdonald qualified as a chartered accountant in 1979. He worked for Pilkington plc for sixteen years, the last seven of these in Germany. In Germany he was Managing Director for Pilkington Deutschland GmbH (holding company) and Managing Director of both Flachglas AG (glass manufacturer) and Dahlbusch AG (property and holding company). For the last fourteen years Paul has been active in the private equity market and has been successful in developing a number of companies covering a number of industries including Sirona Beteiligungs GmbH (Germany), a leveraged buy-out from Siemens. He is currently the Geschäftsführer for Optas GbmH. Paul is a Non-Executive Director of PME African Infrastructure Opportunities plc.

Neil Benedict (Non-Executive Director)

Neil Benedict is based in the USA with over thirty years' experience of financial markets. He was formerly a Managing Director at Salomon Brothers, where he was Head of International Capital Markets, and, prior to that, the founder and head of the worldwide Currency Swaps group. Neil was also a Managing Director at Dillon Read and helped establish their Tokyo office. He is currently a Senior Managing Director at Sonenshine Partners a New York private investment bank. Neil is a fellow member of the Institute of Chartered Accountants in England and Wales.

David Humbles (Non-Executive Director)

David Humbles was born in 1960 and is British. He worked in the downstream oil industry for 25 years and relocated to the Isle of Man in 1998 as Director of Total. In 2003, David purchased Abbey Properties Ltd which owns and manages a property complex in the north of the island. David owns Westminster Properties Ltd which manages a large portfolio of residential and commercial properties on the island. David was Managing Director of Oakmayne, a residential developer in London. He has previously served on the board of two AIM listed companies.

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare company financial statements for each financial year. Under the law they have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing each of the Company's financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1931 to 2004. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Disclosure Guidance and Transparency Rules responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position, performance, business model and strategy; and
- the Business Review, Report of the Investment Manager and Investment Adviser and the Report of the Directors include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Nicholas Wilson

Chairman

22 September 2021

Audit Committee Report

An Audit Committee has been established in compliance with the FCA's Disclosure Guidance and Transparency Rule 7.1, the UK Corporate Governance Code and the AIC Code of Corporate Governance consisting of independent Directors. Its authority and duties are clearly defined within its written terms of reference. David Humbles is Chairman of the Audit Committee, which also comprises Mr Nicholas Wilson and Mr Neil Benedict.

The Committee meets at least two times a year.

The Committee's responsibilities, which were discharged during the year, include:

- monitoring and reviewing the integrity of the interim and annual financial statements and the internal financial controls;
- reviewing the appropriateness of the Company's accounting policies;
- making recommendations to the Board in relation to the appointment of the external auditors and approving their remuneration and terms of their engagement;
- reviewing the external Auditor's plan for the audit of the Company's financial statements;
- developing and implementing policy on the engagement of the external auditors to supply non-audit services;
- reviewing and monitoring the independence, objectivity and effectiveness of the external auditors;
- reviewing the arrangements in place within the Administrator and Investment Manager/Adviser whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company;
- performing the annual review of the effectiveness of the internal control systems of the Company;
- reviewing the terms of the Investment Management Agreement;
- considering annually whether there is a need for the Company to have its own internal audit function; and
- review the relationship with and the performance of the Custodian, the Administrator and the Registrar.

The Audit Committee does not award any non-audit work. The full Board has to approve any non-audit work and this includes confirmation that in all such work auditor objectivity and independence is safeguarded.

Owing to the nature of the fund's business, with all major functions being outsourced and the absence of employees, the Audit Committee do not feel it is necessary for the Company to have its own internal audit function. This situation is re-evaluated annually.

KPMG Audit LLC was re-appointed as auditor at the last AGM on 8 November 2019. The Audit Committee considered the experience and tenure of the audit partner and staff and the nature and level of services provided. The Audit Committee receives confirmation from the auditor that they have complied with the relevant UK professional and regulatory requirements on independence. The Company's Audit Committee meets representatives of the Administrator, who report as to the proper conduct of the business in accordance with the regulatory environment in which the Company, the Administrator, and the Investment Manager/Adviser operate. The Company's external auditor also attends this Audit Committee meeting at its request and reports if the Company has not kept proper accounting records, or if it has not received all the information and explanations required for its audit. The Audit Committee also approves a policy regarding non-audit services provided by the auditor.

The Audit Committee also monitors the risks to which the Company is exposed, provide policy re: non-audit services from the auditor and makes recommendations as to the mitigation of these risks. This task is facilitated by using an extensive risk matrix that enables the Committee to make a quantitative analysis of the individual risks and to highlight those areas where risk is high or increasing.

This report was reviewed and approved by the Board on 22 September 2021.

David Humbles

Chairman of the Audit Committee
22 September 2021

Management Engagement Committee Report

A Management Engagement Committee has been established in accordance with good corporate governance. Neil Benedict is Chairman of the Committee, which also comprises Nicholas Wilson and David Humbles.

The function of the Management Engagement Committee is to monitor the performance of all the Company's service providers and in the particular the performance of the Investment Manager/Investment Adviser.

The performance of the Investment Manager/Investment Adviser is formally reviewed annually at the end of the Company's financial year. The Management Engagement Committee meets quarterly prior to the quarterly Board meetings and the Chairman of the Management Engagement Committee monitors the performance periodically during the intervening periods.

As regards the Investment Manager/Investment Adviser, the Committee:

- monitors and evaluates the investment performance both in absolute terms and also by reference to peer group analysis prepared by the Investment Manager/Adviser and by the Company's broker;
- reviews the performance fee structure to ensure that it does not encourage excessive risk and that it rewards demonstrable superior performance;
- investigates any breaches of agreed investment limits and any deviation from the agreed investment policy and strategy;
- reviews the standard of any other services provided by the Investment Manager;
- evaluates the level and effectiveness of any marketing support provided by the Investment Manager, including but not limited to, their input into quarterly reports, handling investor relations and website monitoring and development;
- assesses the level of fees charged by the Investment Manager and how these fees compare with those charged to peer group companies;
- compares the notice period on the Investment Management Agreement with industry norms;
- considers any other issues on the appointment of the Investment Manager.

As regards the other service providers to the Company, the Committee:

- monitors the terms on which they are retained and compares them to market rates;
- examines the effectiveness of the services provided;
- makes recommendations to the Board where changes are warranted.

At its most recent meeting, the Management Engagement Committee concluded that the performance of the Investment Manager/Investment Adviser had been satisfactory. The Investment Manager had adhered to the investment policy and policy limits.

The Committee was satisfied with the current performance of the Company's other service providers.

Neil Benedict

Chairman of the Management Engagement Committee
22 September 2021

Directors' Remuneration Report

This report meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration. An ordinary resolution to receive and approve this report will be put to the shareholders at the forthcoming Annual General Meeting.

Role of the Remuneration Committee

The role and make-up of the Remuneration Committee is more fully discussed on page 27.

The committee held two formal meetings during the year, during which it addressed all the matters under its remit.

Consideration by the Directors of Matters relating to the Directors' remuneration

As the Board is comprised entirely of non-executive Directors the Board as a whole consider the Directors' remuneration but it has appointed its Remuneration Committee to consider matters relating thereto.

Remuneration policy

The Company's Articles of Association limit the basic fees payable to the Directors to £200,000 per annum in aggregate. Subject to this overall limit it is the Company's policy that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. The Directors are also entitled to receive reimbursement of any expenses incurred in relation to their appointment.

The policy is for the Chairman of the Board and Chairman of the Audit Committee to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent.

In the year under review the Directors' fees were paid at the following annual rates: the Chairman £52,500 plus £10,000 with respect to the work involved in the share buy-back programme, the Chairman of the Audit Committee £37,500, the other Directors £35,000. From 1 January 2021 the Directors' fees changed to the following rates: the Chairman £43,750, the Chairman of the Audit Committee £26,250 and the other Director £24,500.

Directors' and officers' liability insurance cover is in place in respect of the Directors.

Reappointment

It is the Board's policy that non-independent Directors stand for re-election every year and independent Directors stand for re-election every three years.

Directors' fees

The fees expensed (including additional payments) by the Company in respect of each of the Directors who served during the year, and in the previous year, were as follows:

	30 June 2021 £	30 June 2020 £
Nicholas Wilson (Chairman)	53,125	62,500
Paul Macdonald*	14,572	37,500
David Humbles (Chairman of Audit Committee)	30,625	35,000
Neil Benedict (Chairman of Remuneration Committee and Management Engagement Committee)	29,750	35,000
	128,072	170,000
US\$ charge reflected in the financial statements	171,342	209,543

*Resigned 20 November 2020

Expenses totalling US\$420 (2020: US\$68,045) were incurred by the Directors and reimbursed during the year.

Directors' Remuneration Report continued

Directors' fees continued

No other remuneration or compensation was paid or payable by the Company during the period to any of the Directors.

Director independence

Mr Nicholas Wilson has served as independent Non-executive Director of the Company for more than ten years, and Mr Wilson has served as non-executive Chairman since 13 November 2012. Notwithstanding the length of his service, Mr Wilson continues to demonstrate his commitment to fulfilling his role as non-executive Chairman and satisfy the independence factors set out in the AIC Code of Corporate Governance 16.2.13 except for the length of his service.

He is not involved in the daily management of the Company nor in any relationships or circumstances which might possibly interfere with his exercise of independent judgment. In addition, he continues to demonstrate the attributes of independent Non-executive Director and there is no evidence that his tenure has had any adverse impact on his independence.

The Board considers Mr. Wilson to be independent of, and free of any material relationship with, the Investment Manager and Investment Adviser.

Directors' and other interests

None of the Directors had any interest during the year in any material contract for the provision of services which was significant to the business of the Company.

Director holdings in the Company:

	30 June 2021	30 June 2020
Director	Shares	Shares
Nicholas Wilson	39,600	39,600

For and on behalf of the Board

Neil Benedict

Chairman of the Remuneration Committee

22 September 2021

Report of the Independent Auditors, KPMG Audit LLC, to the members of Gulf Investment Fund plc

1. Our opinion is unmodified

We have audited the financial statements of Gulf Investment Fund plc (the "Company"), which comprise the statement of financial position as at 30 June 2021, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the Company's profit for the year then ended;
- have been prepared in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with the provisions of the Companies Acts 1931 to 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards, as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. Material uncertainty related to going concern

We draw attention to note 13.1 to the financial statements which indicates that the Company is subject to 100% bi-annual tender offers to be launched in March and September each year. As indicated in that note, should the amount tendered result in the outstanding shares to be below a set minimum size, a process would commence that may lead to the winding-up or liquidation of the Company. These events and conditions, along with other matters explained in note 13.1, constitutes a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect.

3. Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in the 'Material uncertainty relating to going concern' section of our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the other key audit matter was as follows (unchanged from 2020):

Report of the Independent Auditors, KPMG Audit LLC, to the members of Gulf Investment Fund plc continued

3. Other key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Valuation and existence of the investment at fair value through profit or loss (comprising investment in subsidiary) (US\$90.6m, 2020: US\$112.4m) Refer to page 27 (Significant Issues identified by the Audit Committee) and note 1(a) (note relating to investment in subsidiary) and note 1(b) (note relating to investments held by the subsidiary)	Incorrect valuation and existence The investment in subsidiary is stated at fair value of US\$90.6m (2020: US\$112.4m), based on its net asset value, representing 99.5% (2020: 98.5%) of total assets. The underlying portfolio of investments held by the subsidiary is stated at fair value of US\$88.4m (2020: US\$106.7m), representing 97.0% (2020: 93.5%) of the Company's total assets on a look-through basis (by value) and is considered to be the key driver of the results of the Company. Regarding the underlying portfolio of investments held by the subsidiary, incorrect asset pricing or a failure to maintain proper title of assets could have a significant impact on the investment portfolio valuation and the return generated for shareholders of the Company. Of the investments held by the subsidiary, a total of US\$41.6m (2020: US\$37.0m) was held via P-Notes; held to obtain exposure to Saudi Arabia, where direct investment in equities is not possible for foreign investors. Additional risks arise regarding the P-Notes as follows: - they are issued by counterparty financial institutions and therefore are subject to counterparty risk; and - they are classified as level 2 in the fair value hierarchy as there is no quoted price in an active market for the P-Note instrument itself – instead they are priced based on the quoted price of the underlying equity to which they relate.	Our procedures included: Control design: - Documenting and assessing the processes in place to record investment transactions and to value the portfolio; Tests of detail: - Auditing the accounts of the subsidiary as part of the audit of the Company; - Assessing the accounting policies adopted by the subsidiary to ensure these are consistent with the Company's accounting policies. In particular, ensuring that the portfolio of investments held by the subsidiary is stated at fair value and ensuring net asset value of the subsidiary represents fair value; - Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices (in the case of P-Notes this represents the quoted price of the underlying equity); - Assessing the credit worthiness of the P-Note issuers by examining their credit ratings or financial statements in the absence of a credit rating and inspecting the P-Note legal instruments to assess whether they provide the full return of the underlying share; Assessing transparency - Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of the P-Notes, including their level in the fair value hierarchy; and Enquiry of custodians: - Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodians.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Gulf Investment Fund plc continued

4. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £913,000, determined with reference to a benchmark of total assets of £91,045,000, of which it represents approximately 1.0% (2020: 1.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £685,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £45,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic for at least a year from the date of approval of the financial statements (the "going concern period"). As stated in point 2 of our report, they have also concluded that there is a material uncertainty related to going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to affect the Company's financial resources or ability to continue operations over this period was the outcome of the 100% bi-annual tender offers to be launched in March and September each year.

We considered whether this risk could plausibly affect the ability of the Company to continue as a going concern over the going concern period.

We considered whether the going concern disclosure in note 13.1 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting and their identification therein of a material uncertainty over the Company's use of that basis for the going concern period.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Gulf Investment Fund plc continued

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Gulf Investment Fund plc continued

6. Fraud and breaches of laws and regulations – ability to detect continued

Context of the ability of the audit to detect fraud or breaches of law or regulation continued

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7 Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

8 Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement (page 29) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the viability statement (page 29) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

9 Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

Report of the Independent Auditors, KPMG Audit LLC, to the members of Gulf Investment Fund plc continued

9 Corporate governance disclosures continued

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

10 We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept and proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

11 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on 34, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Gulf Investment Fund plc continued

12 The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Quayle

Responsible Individual

For and on behalf of KPMG Audit LLC

Chartered Accountants and Recognised Auditors

Heritage Court

41 Athol Street

Douglas

Isle of Man

IM1 1LA

22 September 2021

Income Statement

	Note	Year ended 30 June 2021 US\$'000	Year ended 30 June 2020 US\$'000
Income			
Net income/(loss) in investment at fair value through profit or loss		39,419	(10,801)
Interest income on loan		1,169	3,511
Total net income/(loss)		40,588	(7,290)
Expenses			
Expenses	7	925	851
Total operating expenses		925	851
Profit/(loss) before tax		39,663	(8,141)
Income tax expense		-	-
Profit/(loss) for the year		39,663	(8,141)
Basic profit/(loss) per share (cents)	4	53.21	(8.80)
Diluted profit/(loss) per share (cents)	4	53.21	(8.80)

The Directors consider that all results derive from continuing activities.

The accompanying notes on pages 51 to 65 form an integral part of these financial statements

Statement of Comprehensive Income

	Year ended 30 June 2021 US\$'000	Year ended 30 June 2020 US\$'000
Profit/(loss) for the year	39,663	(8,141)
Other comprehensive income/(expense)	-	-
Total comprehensive income/(expense) for the year	39,663	(8,141)

The accompanying notes on pages 51 to 65 form an integral part of these financial statements

Statement of Financial Position

	Note	At 30 June 2021		At 30 June 2020	
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Investment at fair value through profit or loss – comprising:	1(a)				
- equity interest in subsidiary		88,652		49,233	
- loan to subsidiary		<u>1,934</u>		<u>63,154</u>	
			90,586		112,387
Other receivables and prepayments			332		1,452
Cash and cash equivalents			127		217
Total assets			91,045		114,056
Equity					
Issued share capital	5		576		925
Reserves			90,375		113,018
Total equity			90,951		113,943
Current liabilities					
Other payables and accrued expenses	6		94		113
Total current liabilities			94		113
Total equity and liabilities			91,045		114,056

The financial statements were approved by the Directors on 22 September 2021 and signed on their behalf by:

Nick Wilson
Chairman

David Humbles
Director

The accompanying notes on pages 51 to 65 form an integral part of these financial statements

Statement of Changes in Equity

	Share capital	Reserves	Total
	US\$'000	US\$'000	US\$'000
Balance at 1 July 2019	925	123,933	124,858
Total comprehensive income for the year			
Loss for the year	-	(8,141)	(8,141)
Total comprehensive income for the year	-	(8,141)	(8,141)
Contributions by and distributions to owners			
Dividends paid	-	(2,774)	(2,774)
Total contributions by and distributions to owners	-	(2,774)	(2,774)
Balance at 30 June 2020	925	113,018	113,943
	Share capital	Reserves	Total
	US\$'000	US\$'000	US\$'000
Balance at 1 July 2020	925	113,018	113,943
Total comprehensive income for the year			
Profit for the year	-	39,663	39,663
Other comprehensive income			
Total comprehensive loss for the year	-	39,663	39,663
Contributions by and distributions to owners			
Dividends paid	-	(1,553)	(1,553)
Shares subject to tender offer	(349)	(60,372)	(60,721)
Tender offer expenses	-	(381)	(381)
Total contributions by and distributions to owners	(349)	(62,306)	(62,655)
Balance at 30 June 2021	576	90,375	90,951

The accompanying notes on pages 51 to 65 form an integral part of these financial statements

Statement of Cash Flows

	Year ended 30 June 2021 US\$'000	Year ended 30 June 2020 US\$'000
Cash flows from operating activities		
Received from investment at fair value through profit or loss	63,791	3,565
Operating expenses paid	(1,226)	(846)
Net cash generated from operating activities	62,565	2,719
Financing activities		
Dividends paid	(1,553)	(2,774)
Cash used in tender offer	(60,721)	-
Tender expenses	(381)	-
Net cash used in financing activities	(62,655)	(2,774)
Net decrease in cash and cash equivalents	(90)	(55)
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	217	272
Cash and cash equivalents at end of the year	127	217

The accompanying notes on pages 51 to 65 form an integral part of these financial statements

Notes to the Financial Statements

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

	30 June 2021 US\$'000	30 June 2020 US\$'000
Equity interest in subsidiary	88,652	49,233
Loan to subsidiary	1,934	63,154
Total investment in subsidiary	90,586	112,387

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\$1,934,378 (2020: US\$63,154,393), 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 year-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 30 June 2021 the Subsidiary held 21 P-Notes (2020: 14) with a value of US\$41,621,442 (2020: US\$37,048,232), 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.

Investments held by the Subsidiary

30 June 2021: Financial assets at fair value through profit or loss; all quoted equity securities or P-Notes:

Security name	Number	US\$'000
Commercial Bank of Qatar (CBQK QD)	4,044,953	5,815
Emaar Properties Company (EMAAR UH)	4,982,411	5,628
Al Khaleej Bank (KCBK QD)	8,161,138	4,910
Industries Qatar (IQCD QD)	1,228,580	4,470
AIR ARABIA B23DL40	11,095,071	4,017
Saudi International Petrochemical Co (2310)*	480,000	3,911
Dubai Islamic Bank (DIB)	2,863,030	3,756
Saudi Ceramic Company (2040)*	240,000	3,637
Qatar National Bank (QNBK USD)*	730,000	3,598

Notes to the Financial Statements continued

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

Security name	Number	US\$'000
Qatar Navigation (QNNS QD)	1,681,970	3,399
Company for Co-op Insurance (8010)*	146,973	3,241
Aramex (ARMX)	2,981,259	3,165
Qatar Insurance (QATI QD)	4,624,360	3,145
Al Moammar Information Systems Co. (7200)*	87,262	2,928
Saudi Ground Services (4031)*	301,500	2,906
Jarir Marketing Co (4190)*	50,252	2,826
Saudi Co for Hardware*	136,179	2,698
Saudi Arabian Fertiliser Co*	84,127	2,661
Qatar Gas Transport (QGTS QD)	3,126,287	2,575
Qatar National Bank (QNBK QD)	506,110	2,494
Ras Al Khaimah Ceramics Co	3,404,330	2,039
Saudi Arabian Mining Co*	100,000	1,683
Yanbu Cement*	135,000	1,600
Industries Qatar (IQCD YSD*)	400,000	1,455
Saudi British Bank (1060)*	159,938	1,342
Banque Saudi Fransi - SHAMAL 05.06.19*	128,618	1,315
Jazeera Airways	570,313	1,221
Fawaz Abdulaziz Al (4240)*	180,000	1,203
Seera Group Holdings*	200,000	1,156
National Industrialization Co*	185,000	951
Leejam Sports Co (1830)*	38,608	800
Yamama Cement*	80,000	730
Riyad Bank*	91,000	642
Emaar Properties Company (EMAAR USD)*	300,000	339
Jazeera Airways RTS	310,994	138
		88,394

*P-notes

Investments held by Subsidiary

30 June 2020: Financial assets at fair value through profit or loss; all quoted equity securities or P-Notes:

Security name	Number	US\$'000
Qatar Gas Transport (QGTS)	14,814,365	10,621
Saudi Ceramic Company (2040)*	727,290	6,434
Emirates National Bank of Dubai (ENBD UH)	2,588,680	6,215
Aramex (ARMX)	6,170,000	5,777
Gulf International Services (GISS)	12,675,817	5,172
Commercial Bank of Qatar (CBQK QD)	4,901,552	5,114
Arab Centres Limited (4321)*	800,000	4,719
National Bank of Kuwait (NBK KK)	1,514,250	4,026
Saudi Industrial Services Co (2190)*	725,035	4,011
Al Khaleej Bank (KCBK QD)	10,468,624	3,927
Mobile Telecommunications Company (ZAIN KK)	2,150,000	3,869
Masraf Al Rayan (MARK QD)	3,507,728	3,679
Mabane Company (MABANEE)	1,667,483	3,649
United International Transportation Co (4260)*	370,000	2,997
Fawaz Abdulaziz Al (4240)*	548,000	2,760
Qatar United Development Company (UDCD QD)	8,572,569	2,690
Qatar National Bank (QNBK QD)	562,451	2,686
Leejam Sports Co (1830)*	171,577	2,670
Gulf Bank of Kuwait (GBK KK)	3,877,842	2,653
Saudi Ground Services (4031)*	325,000	2,433
First Abu Dhabi Bank (FAB)	790,012	2,378
Qatar Insurance (QATI QD)	4,508,922	2,358
Saudi Industrial Investment Group (2250)*	435,000	2,341
Saudi British Bank (1060)*	360,000	2,181
Mezzan Holding Co (Mezzan KK)	1,124,944	2,159

Notes to the Financial Statements continued

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

Investments held by Subsidiary continued

30 June 2020: Financial assets at fair value through profit or loss; all quoted equity securities or P-Notes (continued):

Security name	Number	US\$'000
Herfy Food Services Co (6002)*	180,000	2,151
Ahli United Bank (AUB)	3,400,000	1,940
Emirates NBD USD Stock (ENBD)*	580,723	1,394
Company for Co-op Insurance (8010)*	65,417	1,239
National Commercial Bank (1180)*	92,750	921
United Electronics Company (4003)*	54,500	797
Agility Public Warehousing (AGLTY)	300,000	714
		106,675

*P-Notes.

1(c) Risks relating to financial instruments

Risks relating to financial instruments comprise market price risk, credit risk, interest rate risk, liquidity risk and foreign currency risk. These are detailed below and in notes 2, 6 and 8.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Notes to the Financial Statements continued

1(c) Risks relating to financial instruments continued

Credit risk continued

The carrying amounts of financial assets best represent the maximum credit risk exposure at the statement of financial position date. This relates also to financial assets carried at amortised cost.

At the reporting date, the financial assets exposed to credit risk comprised the following:

	30 June 2021 US\$'000	30 June 2020 US\$'000
Loan to subsidiary	1,934	63,154
Cash and cash equivalents	127	217
Other receivables	332	1,452
	2,393	64,823

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations and there are no debts past their due dates as at the year-end. All amounts are due within one month of the year end.

Investments held by the subsidiary are held by the Custodian, HSBC Bank (Middle East) Ltd.

P-Notes held by the Company's subsidiary are issued by counterparty financial institutions and therefore the Company is exposed to credit risk in relation to these financial institutions. The value of P-Notes held at the year-end is disclosed in note 1(a). The counterparties are Merrill Lynch International & Co C.V. (guaranteed by Bank of America Corporation), EFG-Hermes MENA Securities Limited (guaranteed by EFG-Hermes Holding S.A.E.) and HSBC Bank Middle East (guaranteed by HSBC Bank plc).

The credit ratings of the financial institutions are as follows:

Merrill Lynch international	A+
Bank of America Corporation	A-
HSBC Bank plc	A+

These ratings are from Standard and Poors.

EFG Hermes MENA Securities Limited and EFG Hermes Holding S.A.E. do not have a credit rating. However, the Board and Investment Advisor have reviewed their credit worthiness and consider it to be acceptable.

The investments in P-Notes, which are over-the-counter equity linked instruments, expose the Company to the risk that the counterparties to the instruments might default on their obligations to the Company. The Directors consider the risk to be insignificant.

The Subsidiary uses the banking services of HSBC Bank (Middle East) Ltd and Barclays (Isle of Man) PLC. HSBC has a credit rating of A2 assigned by Moody and Barclays has a credit rating of A- from Standard and Poors.

Other receivables principally relate to loan interest receivable from the Subsidiary.

Interest rate risk

The Company's loan to subsidiary bears interest and is stated at fair value, which is considered to be equivalent to cost as the loan is repayable on demand, bears interest at floating rate and there is negligible credit risk. The underlying portfolio held by the Subsidiary comprises equities or equity linked securities. Cash held is invested at short-term market interest rates. As a result, the Company is not subject to fair value interest rate risk due to fluctuations in the prevailing

Notes to the Financial Statements continued

1(c) Risks relating to financial instruments continued

Interest rate risk continued

levels of market interest rates. However, it is subject to cash flow risk arising from changes in market interest rates with respect to cash balances held by the Company and the Subsidiary.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying value of assets and liabilities:

30 June 2021	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Non- interest bearing	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets							
Equity interest in subsidiary	-	-	-	-	-	88,652	88,652
Loan to subsidiary	1,934	-	-	-	-	-	1,934
Other receivables and prepayments	-	-	-	-	-	332	332
Cash	127	-	-	-	-	-	127
Total financial assets	2,061	-	-	-	-	88,984	91,045
Financial liabilities							
Other payables and accrued expenses	-	-	-	-	-	94	94
Total financial liabilities	-	-	-	-	-	94	94
Total interest rate sensitivity gap	2,061	-	-	-	-		
30 June 2020	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Non- interest bearing	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets							
Equity interest in subsidiary	-	-	-	-	-	49,233	49,233
Loan to subsidiary	63,154	-	-	-	-	-	63,154
Other receivables and prepayments	-	-	-	-	-	1,452	1,452
Cash	217	-	-	-	-	-	217
Total financial assets	63,371	-	-	-	-	50,685	114,056
Financial liabilities							
Other payables and accrued expenses	-	-	-	-	-	113	113
Total financial liabilities	-	-	-	-	-	113	113
Total interest rate sensitivity gap	63,371	-	-	-	-		

Notes to the Financial Statements continued

1(c) Risks relating to financial instruments continued

Interest rate risk continued

All interest received on cash balances are at variable rates. A sensitivity analysis for changes in interest rates on cash balances has not been provided as it is not deemed significant.

2 Fair value hierarchy

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The investment in subsidiary held by the Company is classified as level 2 in the fair value hierarchy – being based on the net asset value of the Subsidiary.

All the underlying listed equity investments held by the Subsidiary are classed as level 1 investments. The P-Notes held by the Subsidiary are classed as level 2. The analysis of investments held by the Subsidiary between level 1 and level 2 is as follows:

Financial assets at fair value through profit or loss at 30 June 2021	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Assets:				
Equity investments	46,772	-	-	46,772
P-Notes	-	41,622	-	41,622
	46,772	41,622	-	88,394

Financial assets at fair value through profit or loss at 30 June 2020	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Assets:				
Equity investments	69,627	-	-	69,627
P-Notes	-	37,048	-	37,048
	69,627	37,048	-	106,675

The fair value of other financial instruments both held by the Company and the Subsidiary, including cash and short-term receivables and payables is a reasonable approximation of fair value.

Market price risk

The Company's strategy for the management of investment risk is driven by the Company's investment objective. The main objective of the Company is to capture the opportunities for growth offered by the Gulf Cooperation Council region ("GCC") by investing in GCC countries.

All investments present a risk of loss of capital through movements in market prices. The Investment Manager and Investment Adviser moderate this risk through a careful selection of securities within specified limits. The Investment Manager and the Investment Adviser review the position on a day to day basis and the Directors review the position at Board meetings.

Notes to the Financial Statements continued

2 Fair value hierarchy continued

Market price risk continued

The Company's market price risk is managed through the diversification of the underlying investment portfolio held by the Subsidiary. Approximately 97% (2020: 94%) of the net assets attributable to holders of Ordinary Shares is invested in equity securities and P-Notes held by the Subsidiary, on a look through basis.

At 30 June 2021, if the market value of the investment portfolio held by the Subsidiary had increased/decreased by 1.00% (as per the movement in the SEMGGCPD Index post year-end measured at 9 July 2020) with all other variables held constant, this would have increased/decreased net assets attributable to shareholders by approximately US\$0.88 million (30 June 2020 : 1.80% : US\$1.90 million). Market price volatility is expected to increase due to Covid-19 pandemic.

3 Net asset value per share

The net asset value per share as at 30 June 2021 is US\$1.7552 per share (30 June 2020: US\$1.23223) based on 51,817,824 (30 June 2020: 92,461,242) Ordinary shares in issue as at that date.

4 (Loss)/earnings per share

Basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of Ordinary shares in issue during the year.

	30 June 2021	30 June 2020
(Loss)/profit attributable to equity holders of the Company (US\$'000)	39,663	(8,141)
Weighted average number of Ordinary shares in issue (thousands)	74,534	92,461
Basic and diluted (loss)/earnings per share (cents per share)	53.21	(8.80)

5 Share capital

	30 June 2021 US\$'000	30 June 2020 US\$'000
Authorised 500,000,000 Ordinary shares of US\$0.01 each	5,000,000	5,000,000
Issued, called-up and fully-paid:		
51,817,824 (2020: 92,461,242) Ordinary shares of US\$0.01 each in issue, with full voting rights	518	925
5,757,536 (2020: nil) Ordinary shares of US\$0.01 each held in treasury	58	-
Issued share capital	576	925

On 21 January 2021 the Company completed the purchase of 40,643,418 Tendered Shares in accordance with the Tender Offer launched on 23 November 2020. 5,757,536 Tendered Shares were transferred into treasury with the balance of 34,885,882 Tendered Shares being cancelled. The issued share capital is now 57,575,360 shares, however, the Company is not permitted to exercise voting rights in respect of the 5,757,536 shares held in treasury. As a result, the total number of shares with voting rights is 51,817,824.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. The Board manages the Company's affairs to achieve Shareholder returns.

Notes to the Financial Statements continued

5 Share capital continued

Capital management continued

through capital growth rather than income and monitors the achievement of this through growth in net asset value per share.

Capital comprises share capital and reserves. Neither the Company nor the Subsidiary is subject to externally imposed capital requirements.

6 Other payables and accrued expenses

	30 June 2021 US\$'000	30 June 2020 US\$'000
Administration fee payable	39	52
Accruals and sundry creditors	55	61
	94	113

Liquidity risk

The Company manages its liquidity risk by maintaining sufficient cash for operations and the ability to realise market positions. The Company's liquidity position is monitored by the Investment Manager and the Board of Directors.

The residual undiscounted contractual maturities of financial liabilities are in the table below:

30 June 2021	Less than 1 month US\$'000	1-3 months US\$'000	3 months to 1 year US\$'000	1-5 years US\$'000	Over 5 years US\$'000	No stated maturity US\$'000
Financial liabilities						
Other creditors and accrued expenses	94	-	-	-	-	-
	94	-	-	-	-	-
30 June 2020	Less than 1 month US\$'000	1-3 months US\$'000	3 months to 1 year US\$'000	1-5 years US\$'000	Over 5 years US\$'000	No stated maturity US\$'000
Financial liabilities						
Other creditors and accrued expenses	113	-	-	-	-	-
	113	-	-	-	-	-

Notes to the Financial Statements continued

7 Expenses

	30 June 2021 US\$'000	30 June 2020 US\$'000
Administrator and Registrar's fees (see below)	189	199
Audit fees	34	34
Custodian fees (see below)	3	3
Directors' fees and expenses	178	278
Directors' insurance cover	29	29
Broker fees	54	52
Other expenses	438	256
	925	851

Investment management fees and custodian fees borne by the Subsidiary were US\$921,971 and US\$160,223 respectively (2020: US\$1,081,354 and US\$212,237 respectively).

Investment manager's fees*Annual fees*

The Investment Manager was entitled to an annual management fee of 1.25% of the Net Asset Value of the Company, calculated monthly and payable quarterly in arrears. The Investment Management Agreement was subject to termination on 31 October 2013 with a revised agreement coming into effect from 1 November 2013. Under the revised agreement the annual fee reduced to 1.05% of the net asset value of the Company and further reduced to an annual fee of 0.90% of the net asset value of the Company from 1 November 2016. This was due for termination on 31 October 2019 but was rescinded and the fee continues at a rate of 0.8% which was effective from 1 January 2021.

Annual management fees for the year ended 30 June 2021 amounted to US\$921,971 (30 June 2020: US\$1,081,354) and the amount accrued but not paid at the year-end was US\$189,524 (30 June 2020: US\$262,938). 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\$15,000, payable quarterly in arrears, this was reduced to US\$12,000 from 1 April 2021.

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

The Administrator may utilise the services of a CREST accredited registrar for the purposes of settling share transactions through CREST. The cost of this service will be borne by the Company. It is anticipated that the cost will be in the region of £12,000 per annum subject to the number of CREST settled transactions undertaken.

Administration fees paid for the year ended 30 June 2021 amounted to US\$189,045 and US\$18,554 for additional services (30 June 2020: US\$199,151 and US\$19,607 respectively). Outstanding Administration fees at the year end amounted to US\$39,106 (30 June 2020: US\$51,910).

Notes to the Financial Statements continued

7 Expenses continued

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 year ended 30 June 2021 amounted to US\$162,898 (30 June 2020: US\$214,887) and the amount accrued but not paid at the year-end was US\$6,536 (30 June 2020: US\$20,742). This fee is borne by the Subsidiary.

8 Foreign currency translation

The US Dollar is the currency in which the financial statements are presented ("the presentational currency") as reporting to shareholders is in US Dollars and the shares are quoted in US Dollars. The US Dollar is also the functional currency.

Monetary assets and liabilities denominated in foreign currencies as at the date of these financial statements are translated to US Dollar at exchange rates prevailing on that date. Income and expenses are translated into US Dollar based on exchange rates on the date of the transaction. All resulting exchange differences are recognised in the income statement at the exchange rate prevailing on the statement of financial position date. Items of income and expense are translated at exchange rates on the date of the relevant transactions or an average rate.

Foreign exchange risk

The Company's operations, via the Subsidiary, are conducted in jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than US Dollar. As a result, the Company is subject to the effects of exchange rate fluctuations with respect to these currencies. The Company's policy is not to enter into any currency hedging transactions.

At the reporting date the Company had the following exposure, including assets and liabilities held by the Subsidiary:

Currency	30 June 2021	30 June 2020
	%	%
US Dollar	46.76	33.82
Qatari Riyal	30.32	34.10
UAE Dirham	20.52	13.00
Kuwaiti Dinar	2.28	18.94
British Pound	0.09	0.02
Saudi Arabia Riyal	0.03	0.12
Omani Rial	0.00	0.00

Notes to the Financial Statements continued

8 Foreign currency translation continued

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities, including those held by the Subsidiary:

30 June 2021	Assets US\$'000	Liabilities US\$'000	Net exposure US\$'000
US Dollar	42,817	(287)	42,530
Qatari Riyal	27,573	-	27,573
UAE Dirham	18,666	-	18,666
Kuwait Dinar	2,074	-	2,074
British Pound	82	-	82
Saudi Arabia Riyal	26	-	26
	91,238	(287)	90,951
30 June 2020	Assets US\$'000	Liabilities US\$'000	Net exposure US\$'000
US Dollar	39,486	-	39,486
Qatari Riyal	38,854	(938)	37,916
UAE Dirham	21,576	-	21,576
Kuwait Dinar	14,812	-	14,812
Saudi Arabia Riyal	132	-	132
British Pound	25	(4)	21
	114,885	(942)	113,943

Foreign currency sensitivity risk (Company)

At 30 June 2021 had the US Dollar weakened/strengthened by 1% (2020 : weakened/strengthened 1%) in relation to all currencies, with all other variables held constant, net assets attributable to equity holders of the Company would have increased/decreased by the amounts shown below:

30 June 2021	US\$'000
British Pound	-
30 June 2020	US\$'000
British Pound	-

Foreign currency sensitivity risk on a look through basis, including the Subsidiary.

30 June 2021	US\$'000
British Pound	-
Kuwaiti Dinar	21
UAE Dirham	187
Saudi Arabia Riyal	-
Effect on net assets	208
30 June 2020	US\$'000
British Pound	-
Kuwaiti Dinar	216
UAE Dirham	148
Saudi Arabia Riyal	1
Effect on net assets	365

The Qatari Riyal is pegged to the US Dollar.

Notes to the Financial Statements continued

9 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.

10 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 Subsidiary holds shares in Qatar Insurance Company S.A.Q. (see note 1(b)). 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 notes 6 and 7.

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

11 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 to 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, 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 AIM 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 Retained earnings.

The shares of the Company were admitted to trading on the Main Market of the London Stock Exchange on 13 May 2011. On 19 May 2021 the Company transferred to the Specialist Fund Section of the Main Market of the London Stock Exchange.

On 21 January 2021, the Company concluded a tender offer for 40,643,418 shares at a price of US\$1.4940 per share. These shares were purchased by the Company and the funds paid to tendering shareholders on 29 January 2021.

The shareholders approved a dividend of 3.0 cents per share on 20 November 2020. The dividend was paid on 5 March 2021 to ordinary shareholders on the register as at 5 February 2021 (the "Record Date").

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

Notes to the Financial Statements continued

11 The Company continued

Duration

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, it was resolved that shareholders are able to participate in bi-annual tender offers for up to 100% of the share capital.

12 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.

13 Significant accounting policies

Accounting policies for certain items have been included in the relevant note.

13.1 Basis of preparation

Principal activities

The Company's principal activities, investment objective and strategy and principal risks and uncertainties and the planned tender offer in 2021 are described in the Chairman's Statement, Business Review, Investment Policy and Corporate Governance Report.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and Isle of Man Companies Act 1931 to 2004.

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.

Basis of measurement

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss, which are stated at fair value.

Going concern

These financial statements have been prepared on the going concern basis, as the Board of Directors has a reasonable expectation that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the 100% bi-annual tender offers.

Notes to the Financial Statements continued

13 Significant accounting policies continued

13.1 Basis of preparation continued

The Company has implemented a programme of bi-annual tender offers to be launched in March and September each year, in each case for up to 100 per cent. of each Shareholder's holding of Shares as at the relevant Record Date (each a **"Contractual Bi-Annual Tender Offer"**), subject to a minimum size condition that the post Tender Offer share capital is not less than 38 million shares. In the event the Minimum Size Condition is not met in respect of any Tender Offer, that Tender Offer will not proceed. The Directors will instead put forward proposals to Shareholders for the Company to be wound up with a view to returning cash to Shareholders or to enter into formal liquidation.

Shareholders on the Register at the relevant Record Date will be invited to either (i) continue their full investment in the Company; or (ii) save for Restricted Shareholders, tender some or all of their Shares held at that date. The Directors believe that the implementation of the Contractual Bi-Annual Tender Offers should provide those Shareholders who want it with the additional liquidity they require going forward.

Subject to the result of the Tender Offer, the Company would not be able to continue in operation if the Shareholders approve the proposal to wind up or liquidate the Company. This represents a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

It is also noted that there is a planned continuation vote at the annual general meeting in 2021 and every third year thereafter. However, in light of the proposed bi-annual tender offers this continuation vote has been deferred to 2023. As that is more than 12 months from approval of these financial statements it therefore does not impact the going concern assessment for that period.

Functional and presentation currency

These financial statements are presented in USD Dollar, which is the Company's presentational and functional currency. All financial information presented in USD Dollar has been rounded to the nearest thousand dollar.

Disclosure on changes in significant accounting policies

The accounting policies applied in the Company financial statements are the same as those applied in the Company financial statements for the year ended 30 June 2020.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

Effective date	New standards or amendments
01 January 2020	Amendments to Reference to Conceptual Framework in IFRS Standards
	Definition of Material (Amendments to IAS 1 and IAS 8)
	Definition of a Business (Amendments to IFRS 3)
	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
01 June 2020	COVID-19 Related Rent Concessions (amendment to IFRS16)

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.

Notes to the Financial Statements continued

13.2 Consolidated financial statements

Consolidated financial statements have not been presented in order to comply with the requirements of the IFRS 10 Investment Entity Consolidation Exception. The Directors have also applied the exemption from the preparation of consolidated accounts available under the Isle of Man Companies Act 1982, section 4(2)(i), on the grounds that they would be of no real value to members of the Company, in view of the insignificant amounts involved. This is on the basis that the profit and net asset value reported in the consolidated accounts would be the same as they are reported in the Company accounts.

13.3 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.

13.4 Investment in and loan to subsidiary

Investment in subsidiary is stated at fair value through profit and loss based on the net asset value of the Subsidiary as reported by the Administrator. The loan to subsidiary is included within this valuation. Interest income on the loan to subsidiary is recognised in the Income Statement using the effective interest method.

13.5 Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not cancelled are held as treasury shares and have no voting rights and do not receive dividends. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within reserves.

13.6 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

13.7 Future changes in accounting policies

Standards available for early adoption that have not been adopted by the Company

Effective date	New standards or amendments
01 January 2021	Interest Rate Benchmark Reform -Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
01 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
01 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to IFRS Standards 2018 – 2020
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the Conceptual Framework (Amendments to IFRS 3)
01 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
	Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)
	Definition of Accounting Estimate (Amendments to IAS 8)

14 Post balance sheet events

There are no material post balance sheet events.

Appendix

Unaudited consolidated financial information

Consolidated Income Statement

	Year ended 30 June 2021 US\$'000	Year ended 30 June 2020 US\$'000
Income		
Dividend income on quoted equity investments	2,308	4,312
Realised gain/(loss) on sale of financial assets at fair value through profit or loss	28,346	(4,318)
Net changes in fair value on financial assets at fair value through profit or loss	11,130	(5,825)
Interest income	-	18
Net foreign exchange loss	(51)	(95)
Total net income/(loss)	41,733	(5,908)
Expenses		
Investment manager's fees	922	1,081
Other expenses	1,124	1,121
Total operating expenses	2,046	2,202
Profit/(loss) before tax	39,687	(8,110)
Income tax expense	24	31
Profit/(loss) for the year	39,663	(8,141)
Basic profit/(loss) per share (cents)	53.21	(8.80)
Diluted profit/(loss) per share (cents)	53.21	(8.80)

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

	Year ended 30 June 2021 US\$'000	Year ended 30 June 2020 US\$'000
Profit/(loss) for the year	39,663	(8,141)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	-	-
Total items that are or may be reclassified subsequently to profit or loss	-	-
Other comprehensive expense for the year (net of tax)	-	-
Total comprehensive income/(loss) for the year	39,663	(8,141)

Appendix

Unaudited consolidated financial information

Consolidated Statement of Financial Position

	At 30 June 2021 US\$'000	At 30 June 2020 US\$'000
Assets		
Financial assets at fair value through profit or loss	88,394	106,675
Other receivables and prepayments	1,080	1,778
Cash and cash equivalents	1,802	6,433
Total assets	91,276	114,886
Equity		
Issued share capital	518	925
Reserves	90,433	113,018
Total equity	90,951	113,943
Current liabilities		
Other payables and accrued expenses	325	943
Total current liabilities	325	943
Total equity and liabilities	91,276	114,886

Appendix

Unaudited consolidated financial information

Consolidated Statement of Changes in Equity

	Share capital	Distributable reserves	Retained earnings	Foreign currency translation reserve	Capital redemption reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 July 2020	925	76,198	35,491	(221)	1,550	113,943
Total comprehensive income for the year						
Profit for the year	-	-	39,663	-	-	39,663
Other comprehensive income						
Foreign exchange translation differences	-	-	-	-	-	-
Total other comprehensive expense	-	-	-	-	-	-
Total comprehensive income for the year	-	-	39,663	-	-	39,663
Contributions by and distributions to owners						
Dividends paid	-	-	(1,553)	-	-	(1,553)
Shares subject to tender offer	(407)	(60,721)	-	-	407	(60,721)
Tender offer expenses	-	(381)	-	-	-	(381)
Total contributions by and distributions to owners	(407)	(61,102)	(1,553)	-	407	(62,655)
Balance at 30 June 2021	518	15,096	73,601	(221)	1,957	90,951
Balance at 1 July 2019	925	76,198	46,406	(221)	1,550	124,858
Total comprehensive income for the year						
Profit for the year	-	-	(8,141)	-	-	(8,141)
Other comprehensive income						
Foreign exchange translation differences	-	-	-	-	-	-
Total other comprehensive expense	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(8,141)	-	-	(8,141)
Contributions by and distributions to owners						
Dividends paid	-	-	(2,774)	-	-	(2,774)
Total contributions by and distributions to owners	-	-	(2,774)	-	-	(2,774)
Balance at 30 June 2020	925	76,198	35,491	(221)	1,550	113,943

Appendix

Unaudited consolidated financial information

Consolidated Statement of Cash Flows

	Year ended 30 June 2021 US\$'000	Year ended 30 June 2020 US\$'000
Cash flows from operating activities		
Purchase of investments	(186,166)	(338,834)
Proceeds from sale of investments	244,280	327,079
Dividends received	2,486	4,214
Operating expenses paid	(2,460)	(2,247)
Interest received	-	18
Net cash generated from/(used in) operating activities	58,140	(9,770)
Financing activities		
Dividends paid	(1,553)	(2,774)
Cash used in tender offer	(60,721)	-
Tender expenses	(381)	-
Net cash used in financing activities	(62,655)	(2,774)
Net (decrease)/increase in cash and cash equivalents	(4,515)	(12,544)
Effects of exchange rate changes on cash and cash equivalents	(116)	(30)
Cash and cash equivalents at beginning of the year	6,433	19,007
Cash and cash equivalents at end of the year	1,802	6,433

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 Annual 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 year 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 year. The inputs that have been used to calculate the ongoing charges percentage are set out in the following table:

Ongoing charges calculation*	30 June 2021 US\$'000	30 June 2020 US\$'000	
Management fee (page 59)	922	1,081	
Other operating expenses (page 59)	1,148	1,151	
Total management fee and other operating expenses	2,070	2,232	a
Average net assets in the year	109,292	119,886	b
Ongoing charges (c=a/b)	1.89%	1.86%	c

*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 30 June 2021, the share price was 1.6550c and the audited NAV per share was 1.7552c, giving a discount of 5.7%. 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.

Year 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 31 December 2020. 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 year to date NAV is set out in the table below:

Date	Equity	Number of ordinary shares in issue	Net asset value per share		
31 December 2020	139,333,603	92,461,242	1.5069		a
30 June 2021	90,951,575	51,817,824	1.7552		b
YTD Change in NAV (c=(b-a)/a)				16.50%	c