

# **NBAD MENA Income & Growth Fund**

Condensed interim financial statements

**30 June 2021**

**Principal Business address:**

P.O. Box: 6316

Abu Dhabi

United Arab Emirates

# NBAD MENA Income & Growth Fund

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## Fund Manager's report

First Abu Dhabi Bank PJSC ("the Fund Manager") has the pleasure in presenting the reviewed financial statements of NBAD MENA Income and Growth Fund ("the Fund") for the six-month period ended 30 June 2021.

### General

The Fund is an open ended investment fund established in the United Arab Emirates (the "UAE") by First Abu Dhabi Bank (the "Fund Manager" or "FAB") based on resolution number 164/8/94 issued by the Board of Directors of the UAE Central Bank and with the approval of the Securities and Commodities Authority of the UAE.

### Principal activities

The Fund aims to provide attractive levels of income with prospect of capital gains over the medium term through actively investing in a portfolio of MENA equities and/or equity related securities (such as convertible bonds, ADRs and GDRs) listed or traded on recognised exchanges worldwide or 'over the counter' arrangements. MENA income producing assets such as fixed income securities and real estate and real estate related investment instruments and related securities including third party collective investment schemes, with a view to both achieving capital growth and distributing dividend income.

### Results

During the period under review, the Fund generated a net income of AED 21,012 thousand (2020: *net loss of AED 27,686 thousand*) which is set out in detail in the attached statement of comprehensive income. The Fund issued 260,773 units amounting to AED 835 thousand and realised a redemption of 159,993 units amounting to AED 543 thousand during the period, and its ending net assets attributable to holders of redeemable units at 30 June 2021 was AED 124,499 thousand.

### Going concern basis

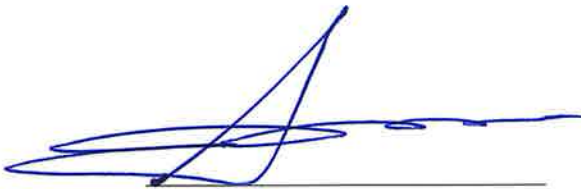
The Fund Manager has reasonable expectation that the Fund has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the six-month period ended 30 June 2021.

### Transactions with Related Parties

The financial statements disclose related party transactions and balances in note 7. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

### Future outlook

The management is of the opinion that the present level of activities will be maintained in the near future and no changes in financing or employees are expected.



Alain Marcus  
MD & Head of Asset Management



Adrin Crasta   
MD & Head of Products &  
Services 



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**Independent Auditors' Report on Review of Condensed Interim Financial Statements**

To the Unit Holders of NBAD MENA Income & Growth Fund

*Introduction*

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of NBAD MENA Income & Growth Fund (the "Fund"), which comprises:

- the condensed interim statement of financial position as at 30 June 2021;
- the condensed interim statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2021;
- the condensed interim statement of changes in net assets attributable to the holders of redeemable units for the six-month period ended 30 June 2021;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2021; and
- notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standards ("IAS") 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

*Scope of Review*

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

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland  
Registration No.: 1015  
Abu Dhabi, United Arab Emirates

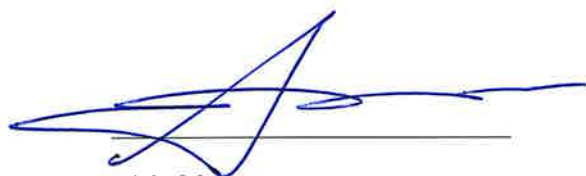
Date **16 NOV 2021**

# NBAD MENA Income & Growth Fund

## Condensed interim statement of financial position as at

		<b>30 June 2021 AED'000 (Unaudited)</b>	31 December 2020 AED'000 (Audited)
<b>Assets</b>			
Investments at fair value through profit or loss	6	119,442	101,756
Dividend receivable		67	-
Due from a related party	7	1,042	-
Cash and cash equivalents	7	4,503	1,677
<b>Total assets</b>		<b>125,054</b>	<b>103,433</b>
<b>Liabilities</b>			
Other liabilities		123	85
Payable for subscription		135	-
Redemption payable		27	-
Due to related parties	7	270	153
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>		<b>555</b>	<b>238</b>
<b>Net assets attributable to holders of redeemable units</b>		<b>124,499</b>	<b>103,195</b>
<b>Number of units outstanding</b>		<b>33,766,862</b>	<b>33,666,082</b>
<b>Net asset value per unit (AED)</b>	11	<b>3.69</b>	<b>3.07</b>
<b>Represented by:</b>			
Net assets attributable to unit holders		124,499	103,195
Adjustment from bid prices to closing prices		296	276
		<b>124,795</b>	<b>103,471</b>

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Fund as of, and for the six-month period ended 30 June 2021.



Alain Marcus  
MD & Head of Asset Management



Adrin Crasta  
MD & Head of Products & Services  
FABY  
R-14414 120197

The accompanying notes set out on pages 7 to 17 form an integral part of these condensed interim financial statements.

The independent auditors' report on review of condensed interim financial statements is set out on page 2.

## NBAD MENA Income & Growth Fund

Condensed interim statement of profit or loss and other comprehensive income  
for the six month period ended 30 June (Unaudited)

	Notes	2021 AED'000	2020 AED'000
Net gain/(loss) on investments at fair value through profit or loss	8	22,127	(26,934)
Dividend income		3,045	3,569
Interest income		2	12
<b>Total revenue/(loss)</b>		<b>25,174</b>	<b>(23,353)</b>
Brokerage expenses		(120)	(165)
Management and Performance fees	7	(1,026)	(824)
Other operating expenses		(269)	(284)
<b>Total operating expenses</b>		<b>(1,415)</b>	<b>(1,273)</b>
<b>Operating profit/(loss) for the period</b>		<b>23,759</b>	<b>(24,626)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>		<b>23,759</b>	<b>(24,626)</b>
Dividends paid to holders of redeemable units		(2,747)	(3,060)
<b>Increase/(decrease) in net assets attributable to holders of redeemable units</b>		<b>21,012</b>	<b>(27,686)</b>

The accompanying notes set out on pages 7 to 17 form an integral part of these condensed interim financial statements.

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## NBAD MENA Income & Growth Fund

### Condensed interim statement of changes in net assets attributable to holders of redeemable units

for the six month period ended 30 June (Unaudited)

	Number of units	Net assets attributable to holders of redeemable units AED'000
At 1 January 2020	37,503,964	130,278
Issue of units during the period	364,208	1,110
Redemption of units during the period	(3,548,332)	(11,112)
Decrease in net assets attributable to holders of redeemable units	-	(27,686)
<b>At 30 June 2020</b>	<b>34,319,840</b>	<b>92,590</b>
<b>At 1 January 2021</b>	<b>33,666,082</b>	<b>103,195</b>
Issue of units during the period	260,773	835
Redemption of units during the period	(159,993)	(543)
Increase in net assets attributable to holders of redeemable units	-	21,012
<b>At 30 June 2021</b>	<b>33,766,862</b>	<b>124,499</b>

The accompanying notes set out on pages 7 to 17 form an integral part of these condensed interim financial statements.

The independent auditors' report on review of condensed interim financial statements is set out on page 2.

## NBAD MENA Income & Growth Fund

### Condensed interim statement of cash flows for the six month period ended 30 June (Unaudited)

	2021 AED'000	2020 AED'000
<b>Cash flows from operating activities</b>		
Operating profit/(loss) for the period	23,759	(24,626)
<b>Changes in working capital:</b>		
Investments at fair value through profit or loss	(17,686)	39,562
Due from a related party	(1,042)	(1,129)
Dividend receivable	(67)	(14)
Other receivables	-	10
Due to related parties	117	(275)
Other liabilities	38	18
<b>Net cash generated from operating activities</b>	<u>5,119</u>	<u>13,546</u>
<b>Cash flows used in financing activities</b>		
Proceeds from redeemable units issued	970	1,110
Redemption of redeemable units	(516)	(11,112)
Cash dividend paid net of reinvestment amount	(2,747)	(3,060)
<b>Net cash used in financing activities</b>	<u>(2,293)</u>	<u>(13,062)</u>
<b>Net increase in cash and cash equivalents</b>	2,826	484
Cash and cash equivalents at the beginning of the period	<u>1,677</u>	<u>5,345</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>4,503</u>	<u>5,829</u>

The accompanying notes set out on pages 7 to 17 form an integral part of these condensed interim financial statements.

The independent auditors' report on review of condensed interim financial statements is set out on page 2.



# NBAD MENA Income & Growth Fund

Notes to the condensed interim financial statements  
for the six-month period ended 30 June 2021

## 1 Legal status and principal activities

NBAD MENA Income & Growth Fund (the “Fund”) is an open ended investment fund established in the United Arab Emirates (the “UAE”) by First Abu Dhabi Bank (the “Fund Manager” or “FAB”) and is licensed by the Central Bank of the UAE approval reference number 13/2415/2005 dated 07 December 2005. The Fund is not a separately incorporated entity and its activities are managed by the Fund Manager and administered by Apex Fund Services Ltd - Abu Dhabi (the “Fund Administrator”).

The Fund’s primary objective is to invest in a portfolio of Middle East and North Africa (“MENA”) equities and/or equity related securities (such as convertible bonds, ADRs and GDRs) listed or traded on recognised exchanges worldwide or ‘over the counter’ arrangements, MENA income producing assets such as fixed income securities and real estate and real estate related investment instruments and related securities including third party collective investment schemes, with a view to both achieving capital growth and distributing dividend income.

The applicable prospectus and term sheet were revised on 30 November 2014. The revisions are approved by the Central Bank of the UAE. The revised prospectus and term sheet and the financial statements of the Fund as at and for the year ended 31 December 2020 are available upon request from the Fund Manager’s registered office at P.O. Box 6316, Abu Dhabi, United Arab Emirates.

## 2 Basis of preparation

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34, Interim Financial Reporting and should be read in conjunction with the Fund’s last annual financial statements as at and for the year ended 31 December 2020 (‘last annual financial statements’). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Fund since the last annual financial statements. They do not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

These condensed interim financial statements were approved on behalf of the Fund Manager on 16 NOV 2021.

## 3 Significant accounting policies

The accounting policies applied by the Fund in these condensed interim financial statements are the same as those applied by the Fund in its financial statements as at and for the year ended 31 December 2020 except for the new amendments or interpretations that became applicable and were adopted during the period. These amendments do not have any material impact on these Condensed interim financial statements.

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. The condensed interim financial statements are presented in United Arab Emirates Dirhams (AED), which is the Fund’s functional and presentational currency.

### (a) Interest income and expense

Interest income and expense are recognised in the condensed interim statement of comprehensive income using the effective interest method.

# NBAD MENA Income & Growth Fund

Notes to the condensed interim financial statements  
for the six-month period ended 30 June 2021

## 3 Significant accounting policies *(continued)*

### *(b) Dividend income*

Dividend income is recognised in the condensed interim statement of comprehensive income when the right to receive income is established. For quoted equity securities this is usually the ex-dividend date. For unquoted securities, this is usually the date on which the shareholders approve the payment of dividend. Dividend income from equity securities at FVTPL is recognised in profit or loss.

### *(c) Dividends to holders of redeemable shares*

Dividend payable to holders of redeemable shares are recognised in profit or loss as finance costs.

### *(d) Subscription fees*

Subscription fees are charged to holders of redeemable units at the time of subscription of units in the Fund and are recognised in the condensed interim statement of comprehensive income in the period during which such subscriptions are made.

### *(e) Net gain/(loss) from financial instruments at fair value through profit or loss*

Net gain/(loss) from financial instruments at fair value through profit or loss includes all realised gain/losses and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income.

The unrealised gain/(loss) represents the difference between average amount of financial instrument at last valuation date and its fair value at the end of the period.

Net realised gain/(loss) from financial instruments at fair value through profit or loss is calculated as the difference between the average cost of a financial instrument at last valuation date and its settlement price.

### *(f) Expenses*

All expenses, including the management fees and performance fees are recognised in the condensed interim statement of comprehensive income on an accrual basis.

### *(g) Foreign currency transactions*

Transactions in foreign currencies are translated into UAE Dirhams at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into UAE Dirhams at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are retranslated into UAE Dirhams at the spot exchange rate at the date the fair value was determined.

Foreign currency exchange differences arising on translation are recognised in the condensed interim statement of comprehensive income. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in net gain on investments at fair value through profit or loss.

# NBAD MENA Income & Growth Fund

Notes to the condensed interim financial statements  
for the six-month period ended 30 June 2021

## 3 Significant accounting policies *(continued)*

### *(h) Financial assets and financial liabilities*

#### *(i) Fair Value Measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a mid-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

#### *(ii) Amortised cost measurement*

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

#### *(iii) Offsetting*

Financial assets and liabilities are offset and the net amount presented in the condensed interim statement of financial position when, and only when, the Fund has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, for example, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

#### *(iv) Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### *(i) Redeemable units*

Redeemable units are classified as financial liabilities and are measured at the present value of the redemption amounts. In accordance with the Fund's prospectus, the redemption amounts of the redeemable units are based on last published net asset value. The net assets value includes Fund's underlying investments, calculated using the closing prices.

# NBAD MENA Income & Growth Fund

## Notes to the condensed interim financial statements for the six-month period ended 30 June 2021

### **3 Significant accounting policies** *(continued)*

#### **(i) Redeemable units** *(continued)*

On the other hand, in accordance with the Fund's accounting policies, financial assets at fair value are measured at a bid price and financial liabilities at fair value are measured at the asking price. The differences in the measurement bases of the Fund's underlying investments and the redemptions amounts of the redeemable units have been adjusted through net gain/loss from financial assets at fair value through profit and loss.

#### **(j) Net asset value per unit**

The net asset value per unit disclosed in the condensed interim statement of financial position is calculated in accordance with the Fund's prospectus by dividing the net assets attributable to holders of redeemable units included in the financial position by the number of units outstanding at the reporting date.

#### **(k) Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow comprise deposits with banks with original maturities of less than three months and bank overdraft balance that is repayable on demand and forms an integral part of the Fund's cash management. Cash and cash equivalents are carried at amortised cost in the condensed interim statement of financial position.

#### **(l) Changes in significant accounting policies**

At the date of authorisation of the condensed interim financial statements, there were a number of standards and interpretations which were in issue but not yet effective. The Fund has assessed the impact of these standards and anticipates that the adoption of these standards and interpretations in future periods will not have a significant impact on its condensed interim financial statements.

### **4 Estimates**

The preparation of condensed interim financial statements requires the Fund Manager to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the Fund Manager in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those applied to the last annual financial.

### **5 Financial risk management**

#### **5.1 Financial risk factors**

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), liquidity risk and credit risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Fund's last annual financial statements as at 31 December 2020.

# NBAD MENA Income & Growth Fund

## Notes to the condensed interim financial statements for the six-month period ended 30 June 2021

### 5 Financial risk management *(continued)*

#### 5.1 Financial risk factors *(continued)*

There have been no changes in the risk management department or in any risk management policies since the year end.

##### a) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, investments in equity securities and certain other assets as well as credit exposures to customers, including outstanding receivables and committed transactions. The Fund's bank balances are with the Fund Manager.

The Fund's maximum credit risk exposure as at 30 June 2021 is represented by the respective carrying amounts of the relevant financial assets in the condensed interim statement of financial position.

##### b) *Liquidity risk*

The Fund manages its liquidity risk by investing predominantly in listed investments which allows the Fund to maintain sufficient liquidity to meet redemptions.

##### c) *Market risk*

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates, equity prices and credit spreads will affect the Fund's income or the fair value of its holdings of financial instruments.

The Fund's strategy on the management of the market risk is driven by its investment objectives and guidelines. The Fund's market risk is managed on a daily basis by the Fund Manager in accordance with the policies and procedures in place.

##### d) *Currency risk*

Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Fund's functional currency.

Since the majority of the assets and liabilities are in AED (pegged against USD) or in foreign currencies (also pegged against the USD), the management estimates that any reasonable possible changes in exchange rates would not have a significant impact on the Fund's condensed interim financial statements.

##### e) *Price risk*

The Fund is exposed to financial instruments price risk because of investments held by the Fund and classified on the condensed interim statement of financial position as financial assets at fair value through profit or loss. Price risk is managed by the Fund Manager by constructing a diversified portfolio of instruments, in different industry sectors and traded on different markets. Under normal circumstances the Fund invests in the trading instruments in accordance with the investment guidelines.

# NBAD MENA Income & Growth Fund

Notes to the condensed interim financial statements  
for the six-month period ended 30 June 2021

## 6 Investments at fair value through profit and loss

Financial assets at fair value through profit or loss comprise of quoted shares with a balance of AED 119,442 thousand (31 December 2020: AED 101,756 thousand). There are no pledged financial assets at fair value through profit or loss.

The distribution of the investments on a country wise basis is as shown below:

	<b>30 June 2021 AED'000 (Unaudited)</b>	31 December 2020 AED'000 (Audited)
<i>Quoted financial instruments</i>		
Kingdom of Saudi Arabia	<b>63,219</b>	60,227
United Arab Emirates	<b>48,751</b>	35,498
Kuwait	<b>5,116</b>	4,944
Oman	<b>2,356</b>	1,087
	<b>119,442</b>	101,756

## 7 Related parties

### a) Identity of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise members of the Advisory Board and Investment Committee and the Fund Manager and the entities controlled by them. In the ordinary course of business, the Fund renders and receives services from such related parties at agreed rates, terms and conditions set out by FAB as the Fund Manager.

### b) Terms and conditions

Key terms and conditions are shown below:

Brokerage	FAB Securities LLC, a wholly owned subsidiary of the Fund Manager, provides brokerage services to the Fund at prevailing market rates.
Banking	The Fund Manager provides banking services at rates agreed with the Fund
Others	The Fund Manager is entitled the following fees as set out in the offering term sheet: <ul style="list-style-type: none"><li>• Management fees of 1.5% per annum of the NAV, calculated and accrued on daily basis and payable to the Fund Manager on a quarterly basis;</li><li>• The Performance fee will be 10% of relative outperformance of the Fund over the S&amp;P Pan Arab Large-Mid Cap TR Index (the "Benchmark") and the latest NAV that prompted a performance fee payment during the relevant calendar year (the "High Watermark").</li></ul>

## NBAD MENA Income & Growth Fund

Notes to the condensed interim financial statements  
for the six-month period ended 30 June 2021

### 7 Related parties (continued)

#### c) Balances

Balances with related parties at the reporting dates are shown below:

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
- <i>First Abu Dhabi Bank</i>		
Cash and cash equivalents	4,503	1,677
Investment in shares of FAB	7,867	4,283
- <i>FAB Securities LLC</i>		
Due from a related party –Receivable against sale of investments	1,042	-
<b>Due to related parties</b>		
- <i>First Abu Dhabi Bank</i>		
Management fees payable to the Fund Manager	155	133
VAT Payable - Management fees	8	7
Performance fee payable	90	-
Administration fee payable to FAB as Custodian	8	7
- <i>FAB Securities LLC</i>		
Transfer agent fees	7	6
Transaction fee payable	2	-
	270	153

#### d) Transactions

Transactions with related parties during the period included in the condensed interim statement of comprehensive income are shown below:

	Six month period ended 30 June 2021 AED'000 (Unaudited)	Six month period ended 30 June 2020 AED'000 (Unaudited)
- <i>FAB Securities LLC</i>		
Brokerage charges paid	(43)	(34)
- <i>First Abu Dhabi Bank</i>		
Transfer agent fee expense	(37)	(33)
Management fees	(863)	(784)
VAT management fees	(43)	(39)
Custodian fees	(67)	(96)
Interest income	2	12
Dividend income	356	246
Transaction charges	(12)	(14)
Performance fees	(120)	(1)

# NBAD MENA Income & Growth Fund

Notes to the condensed interim financial statements  
for the six-month period ended 30 June 2021

## 7 Related parties (continued)

### d) Transactions (continued)

The Fund is managed by the Fund Manager and there are no key management personnel of the Fund. An amount of AED 120 thousand (30 June 2020: AED 1 thousand) was charged as performance fee during the current period of which AED 90 thousand (31 December 2020: Nil) remained payable as at 30 June 2021. The Fund is managed by the Fund Manager who appoints the key management personnel.

## 8 Net gain/(loss) on investments at fair value through profit or loss

	Six month period ended 30 June 2021 AED'000 (Unaudited)	Six month period ended 30 June 2020 AED'000 (Unaudited)
Realised gain/(loss)	6,522	(9,730)
Unrealised gain/(loss)	15,551	(17,152)
Net foreign exchange gain/(loss)	54	(52)
	<u>22,127</u>	<u>(26,934)</u>

The realised gain/(loss) from financial instruments at FVTPL for six-month period ended 30 June 2021 and 30 June 2020 represents the difference between the carrying amount of a financial instrument at last valuation date and its settlement price.

The unrealised gain/(loss) from financial instruments at FVTPL for six-month period ended 30 June 2021 and 30 June 2020 represents the difference between carrying amount of financial instrument at last valuation date and its carrying amount at the end of the reporting period.

## 9 Financial assets and liabilities

### Accounting classifications and fair values

The table below provides reconciliation of the line items in the Fund's condensed interim statement of financial position to the categories of financial instruments as at:

	Mandatorily at FVTPL	Financial assets at amortised cost	Other financial liabilities	Total
As at 30 June 2021 (Unaudited)	AED'000	AED'000	AED'000	AED'000
<i>Financial assets</i>				
Cash and cash equivalents	-	4,503	-	4,503
Investments at fair value through profit or loss	119,442	-	-	119,442
Dividend receivable	-	67	-	67
Due from a related party	-	1,042	-	1,042
	<u>119,442</u>	<u>5,612</u>	<u>-</u>	<u>125,054</u>



# NBAD MENA Income & Growth Fund

Notes to the condensed interim financial statements  
for the six-month period ended 30 June 2021

## 9 Financial assets and liabilities (continued)

Accounting classifications and fair values (continued)

	Mandatorily at FVTPL	Financial assets at amortised cost	Other financial liabilities	Total
As at 30 June 2021 (Unaudited)	AED'000	AED'000	AED'000	AED'000
<i>Financial liabilities</i>				
Other liabilities	-	-	123	123
Subscription pending	-	-	135	135
Redemption payable	-	-	27	27
Due to related parties	-	-	270	270
Net assets attributable to holders of redeemable units	-	-	124,499	124,499
	-	-	125,054	125,054
	-	-	-	-
	Mandatorily at FVTPL	Financial assets at amortised cost	Other financial liabilities	Total
As at 31 December 2020 (Audited)	AED'000	AED'000	AED'000	AED'000
<i>Financial assets</i>				
Cash and cash equivalents	-	1,677	-	1,677
Investments at fair value through profit or loss	101,756	-	-	101,756
	101,756	1,677	-	103,433
<i>Financial liabilities</i>				
Other liabilities	-	85	-	85
Due to related parties	-	-	153	153
Net assets attributable to holders of redeemable units	-	-	103,195	103,195
	-	85	103,348	103,433

The financial instruments not accounted for at fair value through profit or loss are short-term financial assets and liabilities whose carrying amounts approximate their fair value.

All financial assets and liabilities are measured at amortised cost except for trading investments which are measured at fair value by reference to published price quotations in an active market.

For investment in units that are inactive as at the reporting date the Fund determines fair values using valuation techniques. The valuation techniques include comparison to similar instruments, if any, for which market observable prices exist or marking to that index which is considered to offer the closest price. The objective of using a valuation technique is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

# NBAD MENA Income & Growth Fund

## Notes to the condensed interim financial statements for the six-month period ended 30 June 2021

### 9 Financial assets and liabilities (continued)

#### Accounting classifications and fair values (continued)

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in fair value hierarchy into which the fair value measurement is categorised.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>30 June 2021 (Unaudited)</b>				
Investments at fair value through profit and loss	<u>119,442</u>	<u>-</u>	<u>-</u>	<u>119,442</u>
<b>31 December 2020 (Audited)</b>				
Investments at fair value through profit and loss	<u>101,756</u>	<u>-</u>	<u>-</u>	<u>101,756</u>

The Fund's financial assets and financial liabilities that are classified as financing facilities at amortised cost, are categorised under Level 2 in the fair value hierarchy. The Fund considers these to have a fair value approximately equivalent to their net carrying value.

### 10 Dividend paid to holders of redeemable units

	Six month period ended 30 June 2021 AED'000 (Unaudited)	Six month period ended 30 June 2020 AED'000 (Unaudited)
Dividend paid to holders of redeemable units	2,747	3,060
Dividend per unit	<u>0.0816</u>	<u>0.0823</u>

# **NBAD MENA Income & Growth Fund**

Notes to the condensed interim financial statements  
*for the six-month period ended 30 June 2021*

## **11 Redeemable Units**

The Fund's redeemable units are subject to a minimum subscription amount. The Fund has a cut-off date which is the last day the Fund Manager can accept duly completed subscription agreements or redemption notices. Redemption notices are subject to a minimum value. Under extraordinary circumstances, the Fund also has the ability to suspend redemptions or initiate compulsory redemption if this is deemed to be in the best interest of all unit holders. The relevant movements are shown on the condensed interim statement of changes in net assets attributable to holders of redeemable units. In accordance with the objectives outlined in Note 1 and the risk management policies in Note 5, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Fund's net asset value per unit is AED 3.69 as at 30 June 2021 and AED 3.07 as at 31 December 2020.