

# **NBAD Sukuk Income Fund**

Condensed interim financial statements

**30 June 2021**

Principal Business address:  
P.O. Box: 6316  
Abu Dhabi  
United Arab Emirates

## **NBAD Sukuk Income Fund**

<i>Contents</i>	<i>Page</i>
Fund Manager's report	1
Independent auditors' report on review of condensed interim financial statements	2 - 3
Condensed interim statement of financial position	4
Condensed interim statement of comprehensive income	5
Condensed interim statement of changes in net assets attributable to holders of redeemable units	6
Condensed interim statement of cash flows	7
Notes to the condensed interim financial statements	8 - 18

## Fund Manager's report

First Abu Dhabi Bank PJSC ("the Fund Manager") has the pleasure in presenting the reviewed financial statements of NBAD Sukuk Income 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 mix of fixed income and money market instruments, including but not limited to corporate and sovereign Sukuk and other Islamic money market instruments, including but not limited to certificates of deposits, collateralised Murabaha, convertible Sukuk, Murabaha deposits, Ijarah and investments in other Islamic collective investment schemes (investment funds) with objectives that the Investment Manager believes are appropriate in light of the Fund's objectives.

### Results

During the period under review, the fund generated a net gain of USD 132,587 (2020: net loss of USD 530,465) which is set out in detail in the attached statement of comprehensive income. The Fund issued 506,890 units amounting to USD 2,309,250 and realised a redemption of 293,032 units amounting to USD 1,332,574 during the period, and its ending net assets attributable to holders of redeemable units at 30 June 2021 was USD 34,791,934.

### 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.

Alain Marckus

B 11007

### 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.



Mr. Alain Marckus

MD & Head of Investment Strategy &  
Investment Management

Abu Dhabi, United Arab Emirates

Date:



Mr. Adrin Crasta

Acting Head of Investment Management  
Middle office

Abu Dhabi, United Arab Emirates

Date: 15 AUG 2021



KPMG Lower Gulf Limited  
Level 19, Nation Tower 2  
Corniche Road, P.O. Box 7613  
Abu Dhabi, United Arab Emirates  
Tel. +971 (2) 401 4800, [www.kpmg.com/ae](http://www.kpmg.com/ae)

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

To the Unit Holders of NBAD Sukuk Income Fund.

### Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of NBAD Sukuk Income Fund (the "Fund"), which comprise:

- the condensed interim statement of financial position as at 30 June 2021;
- the condensed interim statement of 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 Standard ("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: **15 AUG 2021**

## NBAD Sukuk Income Fund

Condensed interim statement of financial position  
as at

		30 June 2021 USD (Unaudited)	31 December 2020 USD (Audited)
<b>Assets</b>			
Investments at fair value through profit or loss	6	33,978,700	23,467,143
Other receivables		350,210	270,943
Bank balances		2,211,256	10,926,335
<b>Total assets</b>		<u>36,540,166</u>	<u>34,664,421</u>
<b>Liabilities</b>			
Dividend payable		494,606	377,591
Due to related parties	7	98,012	71,293
Due to broker		1,070,000	-
Other liabilities		36,244	38,259
Subscription received in advance		30,500	-
Redemption Payable		18,870	-
<b>Total liabilities</b>		<u>1,748,232</u>	<u>487,143</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>34,791,934</u>	<u>34,177,278</u>
<b>Number of units outstanding</b>		7,778,924	7,539,469
<b>Net asset value per unit (USD)</b>		<u>4.47</u>	<u>4.53</u>

To the best of our knowledge, the financial statements present fairly 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 Marckus  
B 11007



Alain Marckus  
MD & Head of Investment Strategy &  
Investment Management



Adrin Crasta  
Acting Head of Investment Management  
Middle Office

The accompanying notes set out on pages 8 to 18 form an integral part of these condensed interim financial statements.

The independent auditors' report on the review of these condensed interim financial statements is set out on pages 2 and 3.

## NBAD Sukuk Income Fund

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

	Note	2021 USD	2020 USD
Net (loss) on investments at fair value through profit or loss	8	(237,972)	(932,658)
Profit income		620,402	611,798
Net foreign exchange gain		-	107
<b>Total net operating income/(loss)</b>		<b>382,430</b>	<b>(320,753)</b>
Investment management fees		(182,461)	(145,591)
Other operating expenses		(67,382)	(64,121)
<b>Total operating expenses</b>		<b>(249,843)</b>	<b>(209,712)</b>
<b>Operating profit/(loss) for the period</b>		<b>132,587</b>	<b>(530,465)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income/(loss)</b>		<b>132,587</b>	<b>(530,465)</b>
Dividends paid to holders of redeemable units		(609,059)	(638,984)
<b>(Decrease) in net assets attributable to holders of redeemable units</b>		<b>(476,472)</b>	<b>(1,169,449)</b>

The accompanying notes set out on pages 8 to 18 form an integral part of these condensed interim financial statements.

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## NBAD Sukuk Income 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 unit holders USD
At 1 January 2020	6,546,563	30,185,710
Issue of units during the period	100,242	454,500
Redemption of units during the period	(638,503)	(2,918,862)
Loss for the period	-	(530,465)
Dividends paid to holders of redeemable units	-	(638,984)
Reinvestment of dividend	35,906	158,523
At 30 June 2020	<u>6,044,208</u>	<u>26,710,422</u>
<b>At 1 January 2021</b>	<b>7,539,469</b>	<b>34,177,278</b>
Issue of units during the period	506,890	2,309,250
Redemption of units during the period	(293,032)	(1,332,574)
Profit for the period	-	132,587
Dividends paid to holders of redeemable units	-	(609,059)
Reinvestment of dividend	25,597	114,452
At 30 June 2021	<u>7,778,924</u>	<u>34,791,934</u>

The accompanying notes set out on pages 8 to 18 form an integral part of these condensed interim financial statements.

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## NBAD Sukuk Income Fund

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

	2021 USD	2020 USD
<b>Cash flows from operating activities</b>		
Operating profit/(loss) for the period	132,587	(530,465)
<b>Adjustment for:</b>		
Unrealised loss	357,538	1,275,479
<b>Changes in working capital:</b>		
Investments at fair value through profit or loss	(10,869,095)	5,837,032
Other receivables	(79,267)	113,058
Due from broker	-	(340,835)
Due to related parties	26,719	(8,147)
Due to broker	1,070,000	700,863
Other liabilities	(2,015)	1,550
<b>Cash (used in)/generated from operating activities</b>	<u>(9,363,533)</u>	<u>7,048,535</u>
<b>Cash flows used in financing activities</b>		
Proceeds from issue of redeemable units	2,423,702	613,023
Payments on redemption of redeemable units	(1,313,704)	(2,918,862)
Subscription received in advance	30,500	-
Cash dividend paid	(492,044)	(674,790)
<b>Net cash generated from/(used in) financing activities</b>	<u>648,454</u>	<u>(2,980,629)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,715,079)</b>	<b>4,067,906</b>
Cash and cash equivalents at the beginning of the period	<u>10,926,335</u>	<u>571,639</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>2,211,256</b></u>	<u><b>4,639,545</b></u>

The accompanying notes set out on pages 8 to 18 form an integral part of these condensed interim financial statements.

The independent auditors' report on the review of these condensed interim financial statements is set out on pages 2 and 3.

# NBAD Sukuk Income Fund

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

## 1 Legal status and principle activities

NBAD Sukuk Income Fund (the “Fund”) is an open ended investment fund established in the UAE by National Bank of Abu Dhabi PJSC (the “Fund Manager”) 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. 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 aims to provide attractive levels of income with prospect of capital gains over the medium term through actively investing in a mix of fixed income and money market instruments, including but not limited to corporate and sovereign Sukuk and other Islamic money market instruments, including but not limited to certificates of deposits, collateralised Murabaha, convertible Sukuk, Murabaha deposits, Ijarah and investments in other Islamic collective investment schemes (investment funds) with objectives that the Investment Manager believes are appropriate in light of the Fund’s objectives.

The applicable prospectus was issued on 2 May 2012 (“date of inception”). It was approved by the Central Bank of the UAE and is 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 15 AUG 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 States Dollar (USD), which is the Fund’s functional and presentational currency.

### (a) Profit income

Profit income is recognised in the condensed interim statement of comprehensive income using the effective profit method.

## NBAD Sukuk Income Fund

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

### 3 Significant accounting policies (continued)

#### (b) Dividend to holders of redeemable units

Dividends to holders of redeemable units are recognised in the condensed interim statement of comprehensive income when they are authorised.

#### (c) 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.

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

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

Net realised (loss)/gain from financial instruments at fair value through profit or loss represents the difference between the weighted average cost and their sale/settlement price.

Unrealised (loss)/gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or transaction price when purchased in the current reporting period and its fair value at the end of the period or at the last revaluation date before its sale/settlement.

#### (e) Expenses

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

#### (f) Foreign currency transactions

Transactions in foreign currencies are translated into USD 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 USD at the spot exchange rate at that date.

Foreign currency exchange differences arising on translation are recognised in the condensed interim statement of comprehensive income.

#### (g) 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 applicable, 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.

## NBAD Sukuk Income Fund

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

### 3 Significant accounting policies (continued)

#### (g) Financial assets and financial liabilities (continued)

##### (i) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in the condensed interim statement of comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

When available, the Fund measures the fair value of an instrument using quoted bid prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

##### (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 offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liabilities 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 arising from financial instruments at fair value through profit or loss.

#### (h) 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 the Fund's underlying investments, calculated using the closing prices.

#### (i) 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 condensed interim statement of financial position by the number of units outstanding at the reporting date.

## NBAD Sukuk Income Fund

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

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

#### *(j) 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.

#### *(k) Provisions*

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### *(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 statements.

### 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.

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

## NBAD Sukuk Income 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)*

##### **(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.

Currency risk is limited as the Fund's transactions are principally in USD dollar. As the UAE dirham is pegged against the USD dollar, transactions in UAE dirham are not considered to present significant foreign currency risk.

##### **(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 investments 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 Sukuk Income Fund

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

### 6 Investments at fair value through profit or loss

Investments at fair value through profit or loss comprise quoted financial instruments. The distribution of the investments on a country wise basis is as shown below:

	30 June 2021 USD (Unaudited)	31 December 2020 USD (Audited)
<i>Quoted financial instruments</i>		
GCC	24,582,284	21,836,112
Cayman Island	6,110,589	651,651
Indonesia	583,625	-
Malaysia	2,702,202	979,380
	<u>33,978,700</u>	<u>23,467,143</u>

### 7 Related parties

#### *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 the Fund Manager.

#### *Terms and conditions*

Key terms and conditions are shown below:

- Fees
- The Fund Manager is entitled to the following fees as set out in the offering term sheet:
- Management fee of 1% per annum of the NAV, calculated and accruing on a daily basis and payable to the Fund Manager on a quarterly basis; and
  - Annual registrar and transfer agent fee of the higher of USD 10,000 or 0.05% of assets under management is charged by the Fund Manager. Additionally, a one-time fee of USD 25 per investor is charged as initial set-up cost and USD 5 is charged per transaction involving dividend processing and distribution.

## NBAD Sukuk Income Fund

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

### 7 Related parties (continued)

#### Balances

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

	30 June 2021 USD (Unaudited)	31 December 2020 USD (Audited)
<b>Due from related party</b>		
Cash Balance with FAB	49,369	-
<b>Due to related parties</b>		
Management fees payable to the Fund Manager	92,319	66,916
Registrar and transfer fees payable to the custody department	<u>5,693</u>	<u>4,377</u>
	<b>98,012</b>	<b>71,293</b>
<b>Net Assets value of units held under omnibus structure</b>		
- NBAD Private Bank Suisse SA (under sub registrar capacity)	<b>2,344,974</b>	<b>2,247,722</b>

#### 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 USD (Unaudited)	Six month period ended 30 June 2020 USD (Unaudited)
Investment management fees	173,772	138,658
VAT Management fees	8,689	6,933
Registrar and transfer fees	9,500	7,428
Transaction fees	1,439	525
New Investor fees	530	-

The fund is managed by the Fund Manager and there are no key management personnel of the Fund. No performance fee was charged during the current period (30 June 2020: nil) as the performance threshold was not met. The Fund is managed by the Fund Manager who appoints the key management personnel.



## NBAD Sukuk Income Fund

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

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

	Six month period ended 30 June 2021 USD (Unaudited)	Six month period ended 30 June 2020 USD (Unaudited)
Realised gain	119,566	342,821
Unrealised (loss)	<u>(357,538)</u>	<u>(1,275,479)</u>
	<u>(237,972)</u>	<u>(932,658)</u>

The realised gain from financial instrument at FVTPL represents the difference between the weighted average carrying amount of a financial instrument at the date of settlement and its settlement price.

The unrealised (loss) from financial instrument at FVTPL represents the difference between the carrying amount of financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, 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.

	At FVTPL USD	Financial assets at amortised cost USD	Financial liabilities at amortised cost USD	Total USD
<b>As at 30 June 2021 (Unaudited)</b>				
<i>Financial assets</i>				
Investments at fair value through profit or loss	33,978,700	-	-	33,978,700
Due from broker	-	-	-	-
Other receivables	-	350,210	-	350,210
Cash and cash equivalents	-	2,211,256	-	2,211,256
	<u>33,978,700</u>	<u>2,561,466</u>	<u>-</u>	<u>36,540,166</u>

## NBAD Sukuk Income 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)

	At FVTPL USD	Financial assets at amortised cost USD	Financial liabilities at amortised cost USD	Total USD
<b>As at 30 June 2021</b>				
<b>(Unaudited)</b>				
<i>Financial liabilities</i>				
Dividend payable	-	-	494,606	494,606
Due to broker	-	-	1,070,000	1,070,000
Due to related parties	-	-	98,012	98,012
Other liabilities	-	-	36,244	36,244
Redemption payable	-	-	18,870	18,870
Subscription received in advance	-	-	30,500	30,500
Net assets attributable to holders of redeemable units	-	-	34,791,934	34,791,934
	-	-	36,540,166	36,540,166
	At FVTPL USD	Financial assets at amortised cost USD	Financial liabilities at amortised cost USD	Total USD
<b>As at 31 December 2020</b>				
<b>(Audited)</b>				
<i>Financial assets</i>				
Investments at fair value through profit or loss	23,467,143	-	-	23,467,143
Other receivables	-	270,943	-	270,943
Cash and cash equivalents	-	10,926,335	-	10,926,335
	23,467,143	11,197,278	-	34,664,421
<i>Financial liabilities</i>				
Dividend payable	-	-	377,591	377,591
Due to related parties	-	-	71,293	71,293
Other liabilities	-	-	38,259	38,259
Net assets attributable to holders of redeemable units	-	-	34,177,278	34,177,278
	-	-	34,664,421	34,664,421

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

## NBAD Sukuk Income 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)

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.

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 USD	Level 2 USD	Level 3 USD	Total USD
<b>As at 30 June 2021 (Unaudited)</b>				
Investments at fair value through profit and loss	<u>33,978,700</u>	<u>-</u>	<u>-</u>	<u>33,978,700</u>
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>As at 31 December 2020 (Audited)</b>				
Investments at fair value through profit and loss	<u>23,467,143</u>	<u>-</u>	<u>-</u>	<u>23,467,143</u>

## NBAD Sukuk Income 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's financial assets at amortised cost and other liabilities are short term, whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties. The Fund routinely redeems and issues the redeemable units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these condensed interim financial statements. Accordingly, the carrying amount of net assets attributable to holders of redeemable units approximates their fair value. The units are categorised into Level 2 of the fair value hierarchy.

### 10 Dividend distribution to holders of redeemable units

	<b>30 June 2021 USD (Unaudited)</b>	30 June 2020 USD (Unaudited)
Dividend declared to holders of redeemable units	<b>609,059</b>	638,984
No of units entitled to the dividend	<b>7,755,031</b>	6,118,702
Dividend per units	<b>0.0785</b>	0.1044

Dividends declared for the period from 17 December 2020 to 16 June 2021, the distribution is due to the unit holders existing as of 16 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 Investment 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 endeavour to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Fund's net asset value per unit is USD 4.47 as at 30 June 2021 and USD 4.53 as at 31 December 2020.

### 12 Comparatives

Certain comparative figures have been reclassified where appropriate to conform to the presentation adopted in these condensed interim financial statements.