

# **NBAD UAE Trading Fund**

Condensed interim financial statements

**30 June 2020**

**Principal Business address:**

P.O. Box: 6316

Abu Dhabi

United Arab Emirates

# NBAD UAE Trading 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 UAE Trading Fund ("the Fund") for the six-month period ended 30 June 2020.

### 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 UAE and Middle East and North Africa (MENA) equities and related securities including third party collective investment schemes, across sectors, whether listed on the Dubai or Abu Dhabi Financial Markets or, where appropriate, purchased through the 'over the counter' arrangements. The purchase and sale of assets will be dependent on market volatility and the relative asset attractiveness at a given time. The Fund's Manager will seek returns over the short-term via active management, sector rotation, stock picking and cost-effective trading.

### Results

During the period under review, the fund generated a net loss of AED 17,231 thousand (2019: net income of AED 13,479 thousand) which is set out in detail in the attached statement of comprehensive income. The Fund issued 81,767 units amounting to AED 1,257 thousand and a realised a redemption of 221,978 units amounting to AED 3,568 thousand during the period, and its ending net assets attributable to holders of redeemable units at 30 June 2020 was AED 90,569 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 2020.

### 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.

### Effect of COVID-19

The spread of the novel coronavirus (COVID-19) across multiple geographies was confirmed in early 2020, causing disruptions to businesses and economic activities. This has had a negative impact on investor sentiments which has put the financial markets under a lot of pressure, with increased volatility and uncertainty which has negatively affected the value of financial assets.


As at the 30 June 2020, the decrease in the Net Asset Value of the Fund compared to 31 December 2019 end is 18%.

Alain Marcus  
B 11007

Jason Clark  
A-11035

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

The Unit holders of NBAD UAE Trading Fund

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of NBAD UAE Trading Fund (the "Fund") as at 30 June 2020, the condensed interim statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the six month period then ended, and notes to the condensed interim financial statements ("the condensed interim financial statements").

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with 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 condensed interim financial statements as at 30 June 2020 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: 2 November 2020

# NBAD UAE Trading Fund

## Condensed interim statement of financial position as at

		<b>30 June</b>	31 December
		<b>2020</b>	2019
	<i>Note</i>	<b>AED'000</b>	AED'000
		<b>(Unaudited)</b>	(Audited)
<b>Assets</b>			
Investments at fair value through profit or loss	6	<b>83,389</b>	104,332
Due from related party	7	<b>7,095</b>	-
Other receivables		<b>27</b>	11
Cash and cash equivalents	7	<b>4,114</b>	19,520
<b>Total assets</b>		<b>94,625</b>	123,863
<b>Liabilities</b>			
Due to related parties	7	<b>3,986</b>	13,705
Other liabilities		<b>70</b>	47
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>		<b>4,056</b>	13,752
<b>Net assets attributable to holders of redeemable units</b>		<b>90,569</b>	110,111
<b>Number of units outstanding</b>		<b>6,381,095</b>	6,521,306
<b>Net asset value per unit (AED)</b>	10	<b>14.19</b>	16.88
<b>Represented by:</b>			
Net assets attributable to unit holders		<b>90,569</b>	110,111
Adjustment from bid prices to closing prices		<b>461</b>	224
		<b>91,030</b>	110,335

To the best of our knowledge, the financial statements fairly presents, 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 2020.

**Alain Marckus**  
B 11007

**Jason Clark**  
A-11035

  
This E-Signature is only valid if the document is received as an attachment directly from the FAB email address of a FAB signatory.

  
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Alain Marckus  
MD & Head of Investment Strategy &  
Investment Management

Jason Clark  
MD & Head of Products &  
Services

The accompanying notes set out on pages 7 to 18 form an integral part of these condensed interim financial statements.

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

# NBAD UAE Trading Fund

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

	<i>Note</i>	<b>2020</b> <b>AED'000</b>	2019 AED'000
Net (loss)/gain on investments at fair value through profit or loss	8	<b>(18,954)</b>	10,511
Dividend income		<b>3,310</b>	4,986
Interest income		<b>30</b>	70
<b>Total revenue</b>		<b><u>(15,614)</u></b>	<u>15,567</u>
Brokerage expenses		<b>(304)</b>	(453)
Management and Performance fees		<b>(1,019)</b>	(1,342)
Other operating expenses		<b>(294)</b>	(293)
<b>Total operating expenses</b>		<b><u>(1,617)</u></b>	<u>(2,088)</u>
<b>Operating (loss)/profit for the period</b>		<b>(17,231)</b>	13,479
<b>Other comprehensive income</b>		<b>-</b>	-
<b>Total comprehensive (loss)/income</b>		<b><u>(17,231)</u></b>	<u>13,479</u>
<b>(Decrease)/increase in net assets attributable to holders of redeemable units</b>		<b><u>(17,231)</u></b>	<u>13,479</u>

The accompanying notes set out on pages 7 to 18 form an integral part of these condensed interim financial statements.

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## NBAD UAE Trading 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 2019	8,046,772	119,023
Issue of units during the period	71,848	1,163
Redemption of units during the period	(1,268,999)	(21,054)
Increase in net assets attributable to holders of redeemable units	-	13,479
<b>At 30 June 2019</b>	<b>6,849,621</b>	<b>112,611</b>
At 1 January 2020	<b>6,521,306</b>	<b>110,111</b>
Issue of units during the period	<b>81,767</b>	<b>1,257</b>
Redemption of units during the period	<b>(221,978)</b>	<b>(3,568)</b>
Decrease in net assets attributable to holders of redeemable units	-	<b>(17,231)</b>
<b>At 30 June 2020</b>	<b>6,381,095</b>	<b>90,569</b>

The accompanying notes set out on pages 7 to 18 form an integral part of these condensed interim financial statements.

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# NBAD UAE Trading Fund

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

	2020 AED'000	2019 AED'000
<b>Cash flows from operating activities</b>		
Operating (loss)/profit for the period	(17,231)	13,479
<b>Changes in working capital:</b>		
Investments at fair value through profit or loss	20,943	6,575
Due from related parties	(7,095)	-
Other receivables	(16)	770
Due to related parties	(9,719)	(54)
Other liabilities	23	61
<b>Net cash (used in)/generated from operating activities</b>	<u>(13,095)</u>	<u>20,831</u>
<b>Cash flows used in financing activities</b>		
Proceeds from issue of units	1,257	1,163
Payments on redemption of units	(3,568)	(21,038)
<b>Net cash used in financing activities</b>	<u>(2,311)</u>	<u>(19,875)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(15,406)	956
Cash and cash equivalents at the beginning of the period	19,520	7,641
<b>Cash and cash equivalents at the end of the period</b>	<u>4,114</u>	<u>8,597</u>

The accompanying notes set out on pages 7 to 18 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 UAE Trading Fund

## Notes to the condensed interim financial statements for the six month period ended 30 June 2020

### 1 Legal status and principle activities

NBAD UAE Trading 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 13/2156/2003 dated 31 December 2003. 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 capture short-term trading opportunities arising primarily in UAE equities. The Fund aims to provide attractive returns over medium-term, while reducing directional downward risk in the underlying markets. The Fund invests in a portfolio of UAE and Middle East and North Africa (“MENA”) equities and related securities including third party collective investment schemes, across sectors, whether listed on the Dubai or Abu Dhabi Financial Markets or, where appropriate, purchased through the ‘over the counter’ arrangements. The purchase and sale of assets is dependent on market volatility and the relative asset attractiveness at a given time.

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 2019 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. 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 for the year ended 31 December 2019. 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 2 November 2020

### 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 2019 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 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 UAE Trading Fund

## Notes to the condensed interim financial statements for the six month period ended 30 June 2020

### **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 (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 gain/losses and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income.

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

Net realised (loss)/gain from financial instruments at fair value through profit or loss is calculated as the difference between the carrying amount 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 UAE Trading Fund

Notes to the condensed interim financial statements  
for the six month period ended 30 June 2020

## 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.

### *(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 UAE Trading Fund

## Notes to the condensed interim financial statements for the six month period ended 30 June 2020

### 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) New standards, amendments and interpretations effective for the financial year beginning on or after 1 January 2020

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 financial statements.

Description	Effective Date
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting issued on 29 March 2018	1 January 2020

#### Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

#### Amendments to IFRS 7 IFRS 9 and IFRS 9: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

# NBAD UAE Trading Fund

Notes to the condensed interim financial statements  
for the six month period ended 30 June 2020

## 3 Significant accounting policies *(continued)*

### *(1) New standards, amendments and interpretations effective for the financial year beginning on or after 1 January 2020 (continued)*

#### **Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

#### **Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

## 4 Estimates

The preparation of 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 condensed interim financial statements, the significant judgments made by Fund Manager in applying the Fund’s accounting policies and the key sources of estimation uncertainty were the same as those applied to financial statements as at and for the year ended 31 December 2019.

## 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 annual financial statements as at 31 December 2019.

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

# NBAD UAE Trading Fund

Notes to the condensed interim financial statements  
for the six month period ended 30 June 2020

## 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 2020 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 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 UAE Trading Fund

Notes to the condensed interim financial statements  
for the six month period ended 30 June 2020

## 6 Investments at fair value through profit and loss

Investments at fair value through profit or loss comprise of quoted shares with a balance of AED 83,389 thousand (31 December 2019: AED 104,332 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 2020 AED'000 (Unaudited)</b>	31 December 2019 AED'000 (Audited)
<i>Quoted financial instruments</i>		
United Arab Emirates	<b>48,302</b>	55,192
Kingdom of Saudi Arabia	<b>19,997</b>	37,534
Kuwait	<b>15,090</b>	7,811
Bahrain	-	3,795
	<b>83,389</b>	104,332

## 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 2% per annum of the NAV, accrued on daily 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 UAE Trading Fund

Notes to the condensed interim financial statements  
for the six month period ended 30 June 2020

## 7 Related parties (continued)

### (c) Balances

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

	<b>30 June 2020 AED'000 (Unaudited)</b>	31 December 2019 AED'000 (Audited)
<i>-First Abu Dhabi bank</i>		
Cash at bank	<u>4,114</u>	<u>19,520</u>
Investments in shares of FAB	<u>4,429</u>	<u>6,986</u>
Other receivables	<u>-</u>	<u>11</u>
<i>-FAB Securities LLC</i>		
Due from related party –Receivable against sale of investments	<u>7,095</u>	<u>-</u>
<b>Due to related parties</b>		
<i>-First Abu Dhabi bank</i>		
Management fees payable to the Fund Manager	449	550
Management fee payable VAT	22	27
Fee payable to FAB as Custodian	6	7
<i>-FAB Securities LLC</i>		
Payable against purchase of investments	3,501	13,101
Transaction fees payable	3	3
Transfer agent fees	<u>5</u>	<u>17</u>
	<u>3,986</u>	<u>13,705</u>

### (d) Transactions

Transactions with related parties during the six month period ended 30 June included in the condensed interim statement of comprehensive income are shown below:

	<b>period ended 30 June 2020 AED'000 (Unaudited)</b>	period ended 30 June 2019 AED'000 (Unaudited)
Brokerage charges paid to FAB Securities LLC	(120)	(138)
Management fees	(968)	(1,275)
Dividend income	222	437
Interest income	30	70
VAT management fees	(51)	(67)
Custodian fees	(109)	(139)
Bank charges	(1)	(124)
Transaction charges	(24)	(12)
Transfer agent fee expense	(31)	(20)

The fund is managed by the Fund Manager and there are no key management personnel of the Fund.



# NBAD UAE Trading Fund

Notes to the condensed interim financial statements  
for the six month period ended 30 June 2020

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

	<b>Six month period ended 30 June 2020 AED'000 (Unaudited)</b>	Six month period ended 30 June 2019 AED'000 (Unaudited)
Realised (loss)/gain	(7,183)	807
Unrealised (loss)/gain	<u>(11,771)</u>	<u>9,704</u>
	<u><b>(18,954)</b></u>	<u><b>10,511</b></u>

The realised (loss)/gain from financial instruments at FVTPL for six-month period ended 30 June 2020 and 30 June 2019 represents the difference between the carrying amount of a financial instrument at last valuation date and its settlement price.

The unrealised (loss)/gain from financial instruments at FVTPL for six-month period ended 30 June 2020 and 30 June 2019 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.

<b>As at 30 June 2020 (Unaudited)</b>	<b>Mandatorily at FVTPL AED'000</b>	<b>Financial assets at amortised cost AED'000</b>	<b>Other financial liabilities AED'000</b>	<b>Total AED'000</b>
Cash and cash equivalents	-	4,114	-	4,114
Due from related party	-	7,095	-	7,095
Investments at fair value through profit or loss	83,389	-	-	83,389
Other receivables	<u>-</u>	<u>27</u>	<u>-</u>	<u>27</u>
	<u><b>83,389</b></u>	<u><b>11,236</b></u>	<u><b>-</b></u>	<u><b>94,625</b></u>
Due to related parties	-	-	3,986	3,986
Other liabilities	-	-	70	70
Net assets attributable to holders of redeemable units	<u>-</u>	<u>-</u>	<u><b>90,569</b></u>	<u><b>90,569</b></u>
	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>94,625</b></u>	<u><b>94,625</b></u>

# NBAD UAE Trading Fund

Notes to the condensed interim financial statements  
for the six month period ended 30 June 2020

## 9 Financial assets and liabilities (continued)

*Accounting classifications and fair values (continued)*

As at 31 December 2019 (Audited)	Mandatorily at FVTPL AED'000	Financial assets at amortised cost AED'000	Other financial liabilities AED'000	Total AED'000
Cash and cash equivalents	-	19,520	-	19,520
Investments at fair value through profit or loss	104,332	-	-	104,332
Other receivables	-	11	-	11
	<u>104,332</u>	<u>19,531</u>	<u>-</u>	<u>123,863</u>
Due to related parties			13,705	13,705
Other liabilities	-	-	47	47
Net assets attributable to holders of redeemable units	-	-	<u>110,111</u>	<u>110,111</u>
	<u>-</u>	<u>-</u>	<u>123,863</u>	<u>123,863</u>

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.

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.

# NBAD UAE Trading Fund

## Notes to the condensed interim financial statements for the six month period ended 30 June 2020

### 9 Financial assets and liabilities (continued)

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

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>As at 30 June 2020 (Unaudited)</b>				
Investments at fair value through profit and loss	<u>83,389</u>	<u>-</u>	<u>-</u>	<u>83,389</u>
<b>As at 31 December 2019 (Audited)</b>				
Investments at fair value through profit and loss	<u>104,332</u>	<u>-</u>	<u>-</u>	<u>104,332</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 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 14.19 as at 30 June 2020 and AED 16.88 as at 31 December 2019.

# **NBAD UAE Trading Fund**

Notes to the condensed interim financial statements  
*for the six month period ended 30 June 2020*

## **11 Effects of COVID 19**

The spread of the novel coronavirus (COVID-19) across multiple geographies was confirmed in early 2020, causing disruptions to businesses and economic activities. This has had a negative impact on investor sentiments which has put the financial markets under a lot of pressure, with increased volatility and uncertainty which has negatively affected the value of financial assets.

As at the 30 June 2020, the decrease in the Net Asset Value of the Fund compared to 31 December 2019 end is 18%.

## **12 Comparatives figures**

Certain comparative figures have been reclassified to conform to current period's classification with no impact on profit or retained earnings.