

# Jadwa Global Sukuk Fund

## 2023 Annual Report



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## Investment Fund Information

### Fund Name

Jadwa Global Sukuk Fund

### Benchmark

Jadwa IdealRatings Global Sukuk Index (TR)

### Inception Date

Unit Class 'A': March 22, 2018G  
Unit Class 'B': October 08, 2007G  
Unit Class 'C': March 22, 2018G  
Unit Class 'D': February 24, 2020G

### Investment Objective and Policies

The Fund aims to generate market returns by investing in a diversified portfolio of local, regional and global Sukuks.

The Fund's assets are invested predominantly in a diversified portfolio of sovereign, quasi-sovereign, corporate and convertible Sukuks. The Fund may also invest in Shariah compliant project finance and structured finance transactions. Excess cash which the Fund may have from time to time would be invested in short-term Murabaha deposits. The Fund Manager does not intend to borrow funds for investment but it may at times do so to meet redemption requests.

### Distribution of Income and Gain Policy

Dividends and/or income are reinvested in the Fund and not paid out or distributed to investors.

### Fund Manager

Jadwa Investment Company  
A Saudi Closed Joint Stock Company (registration no. 1010228782, Licensed by the Capital Market Authority under the license number 37-6034

Head Office: P.O. Box 60677, Riyadh 11555, Saudi Arabia. Phone +966 11 279-1111 Fax +966 11 279-1571

Jadwa Investment Company has been managing the Jadwa Global Sukuk Fund since its inception.

### Sub Fund Manager or Investment Advisor (if any)

The fund has no sub fund manager or investment advisor.



### **Fund Custodian**

HSBC Saudi Arabia Limited

A Saudi Closed Joint Stock Company (registration no. 1010221555, Licensed by Capital Market Authority under license number 05008-37)

Head Office: 7267 Olaya – AlMurooj, Riyadh 12283-2255, Saudi Arabia. Phone +966 920005920 Fax +966 11 299 2385

The custodian performs all mandatory functions as per the Investment Fund Regulations which specifically include taking custody and protecting fund assets on behalf of all unitholders and for taking all required administrative measures in regards to the custody of the fund's assets.

### **Fund Auditor**

KPMG Professional Services (previously known as KPMG Al Fozan & Partners Certified Public Accountants)

Riyadh Front, Airport Road

P.O. BOX 92876

Al Riyadh 11663

Kingdom of Saudi Arabia

Website: [www.kpmg.com](http://www.kpmg.com)

### **Fund Operator**

Jadwa Investment Company

A Saudi Closed Joint Stock Company (registration no. 1010228782, Licensed by Capital Market Authority under license number 37-6034)

Head Office: P.O.Box 60677, Riyadh 11555, Saudi Arabia. Phone +966 11 279-1111 Fax +966 11 279-1571

Jadwa is acting as the Fund Operator of Jadwa Global Sukuk Fund and is responsible to handle all duties and responsibilities as outlined in the IFR, some of which include maintaining the books and records of the fund, records of all units issued and cancelled as well as the outstanding balance in a unit holding register while ensuring that all guidelines related to record keeping are adhered to.



As of December 31 <sup>st</sup>	Net Asset Value (USD)	Net Asset Value per Unit (USD)			Number of Units	Expense Ratio (%)
		Ending	Highest	Lowest		
<b>2021</b>						
<b>Unit Class 'A'*</b>	55,333,022.16	103.4611	104.3400	102.7653	534,819.9051	0.74
<b>Unit Class 'B'</b>	28,572,022.13	141.2120	142.6350	140.6528	202,334.3762	1.03
<b>Unit Class 'C'</b>	1,065,789.74	110.2467	111.0962	109.3531	9,667.3190	0.60
<b>Unit Class 'D'</b>	-	-	-	-	-	-
<b>2022</b>						
<b>Unit Class 'A'*</b>	52,637,068.35	97.8011	103.5601	95.1513	538,205.3277	0.71
<b>Unit Class 'B'</b>	19,640,590.18	133.1036	141.3449	129.5656	147,558.7196	1.01
<b>Unit Class 'C'</b>	439,500.78	104.3655	110.3532	101.5110	4,211.1708	0.57
<b>Unit Class 'D'</b>	-	-	-	-	-	-
<b>2023</b>						
<b>Unit Class 'A'*</b>	47,992,897.97	102.7457	102.8119	97.6445	467,103.8500	0.74
<b>Unit Class 'B'</b>	21,239,792.87	139.4315	139.5246	132.8872	152,331.4219	1.03
<b>Unit Class 'C'</b>	462.385.28	109.7997	109.8691	104.2819	4,211.1708	0.60
<b>Unit Class 'D'</b>	-	-	-	-	-	-



## Fund Manager's Commentary

The year 2023 witnessed a number of noteworthy events for public markets. Markets saw elevated levels of volatility, continuation of geopolitical tensions around the globe, four US Fed rate hikes, and a banking crisis that wiped out Credit Suisse and a few banks in the US. Despite all of that, global fixed income markets ended the year positively. The year also saw the final stage in phasing out LIBOR after close to 40 years of being the main benchmark for major currencies.

Although The Fed remained unwavering in its effort to combat high inflation levels, market rates and future rate cut expectations saw significant changes during the year, with 2-year US treasury yields reaching a low of 3.77% and high of 5.22%. Despite the swings in yields, the yield curve remained inverted throughout the year, with the 10-year treasury ending the year at 3.88%, below the 2-year treasury at 4.25%.

Global credit markets rallied towards the end of the year and closed the year with positive returns. This trend was seen across different regions. Developed markets credits (IBOxx USD Liquid Investment Grade Index) rose by 9.9%. As was the case with the Emerging markets securities (Bloomberg Emerging Markets Hard Currency Aggregate Index), rising 8.9% during the year. Sukuk, represented by Ideal Ratings Jadwa Global Sukuk Index, rose by 6.5% during the same period. This came a year after one of the worst years for global fixed income markets on record, with the aforementioned indices delivering -17.9%, -15.2%, and -5.4% respectively.

For the full years of 2023, the Jadwa Global Sukuk Fund (Class B) delivered a total return of 4.75%, underperforming its benchmark (Jadwa Ideal Ratings Global Sukuk Index (TR)) by -1.73%. Since inception, the fund delivered an annualized return of 2.07% and annualized underperformance of -0.89%.

Looking forward, the fund will continue to focus on generating sustainable long-term returns for investors, allocating funds to higher quality counterparties with favorable valuations. The fund will focus on finding opportunities that can offer favorable risk-adjusted returns and manage the current inflationary environment.

For more details on performance, please refer to the Fund Performance section.



### Turnover

	2023
<b>Fund</b>	17.48%

### Allocation

	% of Net Assets 31-Dec-2022		% of Net Assets 31-Dec-2023
<b>Sukuk</b>	98.77%	<b>Sukuk</b>	99.88%
<b>Net Cash</b>	1.23%	<b>Net Cash</b>	0.12%
<b>Total</b>	100.00%	<b>Total</b>	100.00%

### Top 3 Geographical Allocations

Country	% of Net Assets 31-Dec-2022	Country	% of Net Assets 31-Dec-2023
<b>Saudi Arabia</b>	32.83%	<b>Saudi Arabia</b>	43.98%
<b>UAE</b>	27.52%	<b>UAE</b>	19.39%
<b>Bahrain</b>	7.39%	<b>Indonesia</b>	8.11%



## Fund Performance

Time-weighted net total returns presented below are computed on the unit price of the fund in any given period.

Class 'A'	1-Year	3-Year	5-Year	Since Inception
<b>Fund</b>	5.06%	-0.01%	-	2.75%
<b>Benchmark</b>	6.48%	2.47%	-	5.45%

\*Inception: August 27, 2020

Class 'B'	1-Year	3-Year	5-Year	Since Inception
<b>Fund</b>	4.75%	-0.87%	6.13%	39.43%
<b>Benchmark</b>	6.48%	2.47%	19.42%	60.45%

\*Inception: June 30, 2007

Class 'C'	1-Year	3-Year	5-Year	Since Inception
<b>Fund</b>	5.21%	0.43%	8.55%	9.80%
<b>Benchmark</b>	6.48%	2.47%	19.42%	23.08%

\*From Inception: March 22, 2018

Class 'D'	1-Year	3-Year	5-Year	Since Inception
<b>Fund</b>	-	-	-	-
<b>Benchmark</b>	-	-	-	-

\*There were no unitholders in Unit Class 'D'

Fund	Class 'A'	Benchmark	Variance
<b>2018*</b>	0.95%	3.06%	-2.11
<b>2019**</b>	1.24%	3.01%	-1.77%
<b>2020***</b>	2.75%	2.91%	-0.16%
<b>2021</b>	0.69%	1.73%	-1.04%
<b>2022</b>	-5.47%	-5.40%	-0.07%
<b>2023</b>	5.06%	6.48%	-1.42%

\*Unit Class A return is from March 21, 2018 till December 31, 2018

\*\*Unit Class A return is from December 31, 2018 till March 19, 2019

\*\*\*Unit Class A return is from August 27, 2020 till December 31, 2020





Fund	Class 'B'	Benchmark	Variance
2013	0.94%	1.27%	-0.33%
2014	3.95%	1.24%	2.71%
2015	0.92%	1.33%	-0.41%
2016	2.26%	1.77%	0.49%
2017	2.27%	2.29%	-0.02%
2018	0.42%	3.71%	-3.29%
2019	4.26%	10.63%	-6.37%
2020	2.68%	5.35%	-2.67%
2021	0.40%	1.73%	-1.33%
2022	-5.74%	-5.40%	-0.34%
2023	4.75%	6.48%	-1.73%

Fund	Class 'C'	Benchmark	Variance
2018*	1.15%	3.06%	-1.91%
2019	4.81%	10.63%	-5.82%
2020	3.13%	5.35%	-2.22%
2021	0.83%	1.73%	-0.89%
2022	-5.33%	-5.40%	0.07%
2023	5.21%	6.48%	-1.27%

\*Unit Class C inception date is March 22, 2018



## Fund Expenses

	Expenses for 2023 (USD)			
	Class "A"	Class "B"	Class "C"	Class "D"
Management Fees	255,556.05	141,121.28	1,677.69	-
Fund Board	1,574.06	1,140.68	27.13	-
Auditing Fees	6,246.10	2,299.21	54.68	-
Custodian's Fees	19,166.85	7,056.12	167.78	-
Legal Expenses	-	-	-	-
Cost of Sharia-compliant finance (when required)	-	-	-	-
Registration / Fees of Unit Processing	-	-	-	-
Other expenses	94,435.93	41,836.69	742.67	-
<b>Total</b>	<b>376,979.00</b>	<b>193,453.98</b>	<b>2,669.95</b>	<b>-</b>
<b>Total Expenses Ratio</b>	<b>0.74</b>	<b>1.03</b>	<b>0.60</b>	<b>-</b>

The fund manager may elect to waive or rebate all or part of the subscription fee.



## Disclosures

### Material Changes

There were no material changes that were implemented in the terms and conditions during 2023. For complete details please refer to the Fund's terms & conditions.

### Investment in Other Funds

The fund has not invested in any other funds during 2023.

### Fund Manager's Investment in the Fund

The fund manager's investment in the fund as of December 31, 2023 was USD 1,966,646.70.

### Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any)

The fund does not have any borrowed assets during 2023.

### Disclosure related to special commissions

The fund manager may receive (brokerage) research from third parties with whom trades are executed for the fund and client portfolios, which is used in managing investments across such portfolios.

### Exercise of Voting Rights

The fund manager did not participate in any general assembly on behalf of the fund.

**For additional information please refer to the Terms & Conditions available on [www.jadwa.com](http://www.jadwa.com)**

Kindly refer to Annex A for auditor statement and financial statements.



## Fund Board

### Members of the fund's board of directors:

- A) Mr. Ghannam Al-Ghannam (Chairman of the Board)
- B) Dr. Mohammed Sultan Al-Sahli (Independent member)
- C) Dr. Walid Addas (Independent member)
- D) Mr. Amer Afiouni (Member)

There is no conflict or potential conflict of interest between the interests of the fund board members and the interest of the fund.

### An overview of the qualifications of the members of the fund's board of directors:

#### A) Mr. Ghannam Al-Ghannam (Chairman of the Board):

Mr. Ghannam Al-Ghannam is the Head of Private and Institutional Client Investments (PICI) at Jadwa Investment Company. Prior to joining Jadwa, he was a Senior Investment Advisor to major clients at HSBC Saudi Arabia. Mr. El-Ghannam has experience in business development and wealth management, and has a distinguished approach to all sales, services, operations, operational procedures and risk management. He has been involved in organizing fundraising campaigns for various investment companies in private equity, asset management, and products real estate. He is a certified financial planner, and holds a Master's degree in Informatics from Ohio State University, USA, in addition to a Bachelor's degree in Business Administration from the University of Toledo, Ohio, USA.

#### B) Dr. Mohammed Sultan Al-Sahli (Independent member):

Dr. Muhammad Al-Sahli is the Head of the Accounting Department at King Saud University, a member of the Primary Committee for Zakat and Tax, and Director of the Saudi Accounting Association. Dr. Muhammad Al-Sahli has authored and published many scientific papers. He holds a PhD in Accounting from the University of Melbourne, Australia, in addition to a Master's degree in Accounting from Saint Louis University, USA, and a Bachelor's degree in Accounting from King Saud University.

#### C) Dr. Walid Addas (Independent member):

Dr. Walid Addas is the Deputy Director of Operations Resources Department for Development Effectiveness at the Islamic Development Bank in Jeddah. Among the previous positions held by Dr. Addas, Head of Program and Portfolio Management at the same bank, and Director of Finance and Administration at the International Energy Forum in Riyadh. He holds a Ph.D. in Economics from the International Islamic University in Malaysia, a Master's degree in Economics from the University of Essex, and a Bachelor's degree in Economics from Middlesex University, UK.

#### D) Mr. Amer Afiouni (Member):

Mr. Amer Afiouni joined Jadwa Investment in June 2015. His main focus is to drive strategic initiatives to enhance business growth opportunities and build organizational capabilities across the company. He has extensive business strategy and experience in management knowledge gained from serving clients across a variety of industries and functional disciplines. He is an accomplished businessman with an outstanding academic background and international exposure. This is combined with interpersonal skills and a strong team.

Prior to joining Jadwa Investments, Amer held senior positions at McKinsey & Company. He was the managing



partner of CDC Systems Middle East and IT consultant at Compagnie General d'Informatique and IBM.  
Amer holds an MBA from INSEAD in France.

#### **Description of the roles and responsibilities of the Fund Board:**

The responsibility of the Fund Board shall include the following:

- A) Approving material contracts, decisions and reports involving the Fund, including, but not limited to, contracts for the provision of Fund management services, contracts for the provision of custody services, excluding contracts entered into pursuant to investment decisions regarding underlying investments made or to be made by the Fund;
- B) Approving a written policy with regard to voting rights related to the Fund's Assets;
- C) Overseeing and, where appropriate, approving or ratifying any conflicts of interest which the Fund Manager has disclosed;
- D) Meeting at least twice annually with the Fund Manager's compliance committee or its compliance officer to review the Fund Manager's compliance with all applicable rules, laws and regulations, including (without limitation) the requirements of the Investment Funds Regulations;
- E) Ensuring the completeness and accuracy of the Terms and Conditions, the Information Memorandum and any other document, contractual or otherwise, that includes disclosures relating to the Fund and the Fund Manager and its management of the Fund and ensuring compliance with the Investment Funds Regulations;
- F) Ensuring that the Fund Manager carries out its obligations in the best interests of Unitholders, in accordance with the Investment Funds Regulations, the Terms and Conditions and the Information Memorandum;
- G) Demonstrating a fiduciary duty to Unitholders, including a duty to act in good faith, a duty to act in the best interests of Unitholders and a duty to exercise all reasonable care and skill; and
- H) Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the Fund Board.

#### **Details on the remuneration of fund board members**

The Fund shall remunerate members of the Fund Board of Directors for travel expenses and other reasonable expenses incurred with regard to their obligations towards the Fund, provided that such remuneration shall not exceed 0.1% of the Fund's Assets annually.

Remuneration of Fund's independent board members for the services they rendered to the Fund is estimated to reach SAR 30,000 per annum.



**All the funds boards that the relevant board member is participating in.**

Currently, Board members do not manage any investment fund in the Kingdom of Saudi Arabia except for the following:

Fund Name	Ghannam Al Ghannam	Walid Addas	Muhammad Al-Sahli	Amer Afiouni
Jadwa Saudi Equity Fund	√	√	√	√
Jadwa GCC Equity Fund	√	√	√	√
Jadwa Arab Markets Equity Fund	√	√	√	√
Jadwa Global Sukuk Fund	√	√	√	√
Jadwa Saudi Riyal Murabaha Fund	√	√	√	√
Jadwa Al-Azizia Real Estate Investment Fund	√	√	-	-
Jadwa REIT Al Haramain Fund	√	-	-	-
Jadwa REIT Saudi Fund	√	-	-	-
Al Dar Investment Fund	√	√	-	-
Al Dar Investment Fund 2	√	√	-	-
Al Nokbah Investment Fund	√	√	-	-
Al Shorfah Investment Fund	√	√	-	-
Diriyah Avenue Investment Fund	√	√	-	-
Jadwa Investment Fund 45	√	-	-	-
Real Estate Growth Fund	√	√	-	-
Zood Investment Fund	√	√	-	-
Jadwa Private Real Estate Investment Fund 10 Al Majdiah Investment Fund	-	√	-	-
Meem Investment Fund	√	-	-	-
Jadwa Private Real Estate Investment Fund 14 Oud Investment Fund	√	√	-	-
Jadwa Private Real Estate Investment Fund 15	√	√	-	-
Jadwa Private Real Estate Investment Fund 16 Osus Investment Fund	-	√	-	-
Al Olaya Investment Fund	√	√	-	-
Al Narjis Investment Fund	√	√	-	-
Al Sulaiman Investment Fund	√	-	-	-
Jadwa Al Mqr Investment Fund	-	√	-	-
Jadwa Private Real Estate Investment Fund 22	√	√	-	-
North Views Investment Fund	√	-	-	-
Al Dar Investment Fund 3	√	√	-	-
HomeInvestment Fund	√	-	-	-
Jadwa Private Real Estate Investment Fund 26	√	√	-	-
Jadwa Private Real Estate Investment Fund 27	√	√	-	-
Jadwa Private Real Estate Investment Fund 28	√	√	-	-
Jadwa Private Real Estate Investment Fund 29	√	√	-	-



Jadwa Private Real Estate Investment Fund 30	√	√	-	-
Liwan Investment Fund (1)	√	-	-	-
Jadwa Investment Fund 12	√	-	-	-
Jadwa Investment Fund 13	√	-	-	-
Jadwa Investment Fund 14	√	-	-	-
Jadwa Investment Fund 17	√	-	-	-
Jadwa Investment Fund 20	√	√	√	-

**Topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objectives.**

#### **Fund Board Meeting**

**Jadwa Head Office, Riyadh, 15<sup>th</sup> June 2023:**

##### Discussion Topics

- Approval of minutes of previous fund board meeting held on 22<sup>nd</sup> December 2022
- Compliance Officer's review of funds' compliance with rules and regulations
- MLRO report on anti-money laundering activities
- Changes to the fund T&Cs including service providers
- Assessment of Fund's Risk Management procedures to ensure they are in line with the Fund Manager's Risk Management Policy and Procedures
- Money Market Funds: stress testing of all risks outlined in T&Cs is to be presented to the Fund Board, at least twice a year
- Annual ratification/approval of the fund auditor, custodian and administrator
- Economic and Market Outlook
- 2023 YTD performance review of Jadwa public funds
- Date of next fund board meeting

**Jadwa Head Office, Riyadh, 27<sup>th</sup> November 2023:**

##### Discussion Topics

- Approval of minutes of previous fund board meeting held on 15<sup>th</sup> June 2023.
- Compliance Officer's review of funds' compliance with rules and regulations
- MLRO report on anti-money laundering activities
- Annual report that includes all complaints and actions taken to resolve those complaints.



- Changes to the fund T&Cs including service providers
- Annual assessment for each independent member to ensure that their independence status is unaffected
- Annual assessment of performance and quality of services provided by 3rd parties
- Assessment of Fund's Risk Management procedures to ensure they are in line with the Fund Manager's Risk Management Policy and Procedures
- Money Market Funds: stress testing of all risks outlined in T&Cs presented to the Fund Board.
- Economic and Market Outlook
- 2023 YTD performance review of Jadwa public funds
- Annual ratification/approval of the fund auditor, custodian and administrator
- Proposed new fund custodian and administrator
- Fund Board's self-review on number of investment funds supervised
- Date of next fund board meeting

#### **Additional Information to Unitholders**

Please refer to the Fund's Terms & Conditions.





## **Annex A: Audited Annual and Financial Statements**

**JADWA GLOBAL SUKUK FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**Financial Statements**  
**For the year ended 31 December 2023**  
**together with the**  
**Independent Auditor's Report to the Unitholders**

**JADWA GLOBAL SUKUK FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**Financial Statements**  
**For the year ended 31 December 2023**  
**together with the**  
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## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No. 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Unitholders of Jadwa Global Sukuk Fund

## Opinion

We have audited the financial statements of **Jadwa Global Sukuk Fund** (the "Fund") managed by Jadwa Investment Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the Unitholders and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the period then ended in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund Board, are responsible for overseeing the Fund's financial reporting process.

## Independent Auditor's Report

To the Unitholders of Jadwa Global Sukuk Fund (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Jadwa Global Sukuk Fund (the "Fund")**.

### KPMG Professional Services



**Saleh Mohammed S Mostafa**

License No: 524

Riyadh, 21 Ramadan 1445H

Corresponding to: 31 March 2024



**JADWA GLOBAL SUKUK FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2023**  
*(Amounts in USD)*

	<i>Notes</i>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>ASSETS</b>			
Cash and cash equivalents	7	200,739	414,552
Investments	8	68,949,395	71,821,835
Accrued special commission income		670,101	688,201
<b>Total assets</b>		<u>69,820,235</u>	<u>72,924,588</u>
<b>LIABILITIES</b>			
Management fee payable	1(c), 9	67,251	143,786
Accrued expenses and other liabilities		57,908	63,643
<b>Total liabilities</b>		<u>125,159</u>	<u>207,429</u>
<b>Net assets (equity) attributable to the Unitholders (USD)</b>		<u>69,695,076</u>	<u>72,717,159</u>
<b>Units in issuance (numbers)</b>			
Class A		<u>467,103.85</u>	<u>538,205.32</u>
Class B		<u>152,331.42</u>	<u>147,558.72</u>
Class C		<u>4,211.17</u>	<u>4,211.16</u>
<b>Net asset (equity) value attributable to each unit (USD)</b>			
Class A		<u>102.7457</u>	<u>97.8011</u>
Class B		<u>139.4315</u>	<u>133.1036</u>
Class C		<u>109.7997</u>	<u>104.3655</u>

The accompanying notes (1) to (15) form an integral part of these financial statements

**JADWA GLOBAL SUKUK FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2023**  
*(Amounts in USD)*

	<i>Notes</i>	<b>31 December 2023</b>	31 December 2022
Gain / (loss) on investments, net	<i>8.1</i>	<b>1,279,822</b>	(7,854,958)
Special commission income		<b>2,744,526</b>	3,107,593
		<b><u>4,024,348</u></b>	<b><u>(4,747,365)</u></b>
<b>Total income</b>			
Management fees	<i>1(c), 9</i>	<b>(398,355)</b>	(479,908)
Other operating expenses		<b>(166,629)</b>	(196,491)
Fund Board fees	<i>9</i>	<b>(4,316)</b>	(4,316)
Foreign exchange loss		<b>(3,803)</b>	(1,632)
<b>Total operating expenses</b>		<b><u>(573,103)</u></b>	<b><u>(682,347)</u></b>
<b>Net profit / (loss) for the year</b>		<b>3,451,245</b>	(5,429,712)
<b>Other comprehensive income for the year</b>		<b>--</b>	<b>--</b>
<b>Total comprehensive income / (loss) for the year</b>		<b><u>3,451,245</u></b>	<b><u>(5,429,712)</u></b>

The accompanying notes (1) to (15) form an integral part of these financial statements

**JADWA GLOBAL SUKUK FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE**  
**UNITHOLDERS**  
**For the year ended 31 December 2023**  
*(Amounts in USD)*

	<b>31 December <u>2023</u></b>	<b>31 December <u>2022</u></b>
<b>Net assets (equity) attributable to the Unitholders at beginning of the year</b>	<b>72,717,159</b>	<b>84,970,880</b>
Net (loss) / income for the year	<b>3,451,245</b>	<b>(5,429,712)</b>
<i>Contributions and redemptions by the Unitholders</i>		
Proceeds from issuance of units:		
- Class A	212,262	36,548,877
- Class B	2,620,031	4,256,096
	<b>2,832,293</b>	<b>40,804,973</b>
Payments against redemption of units:		
- Class A	(4,951,102)	(40,963,916)
- Class B	(4,354,519)	(6,069,273)
- Class C	--	(595,793)
	<b>(9,305,621)</b>	<b>(47,628,982)</b>
<b>Net assets (equity) attributable to the Unitholders at end of the year</b>	<b>69,695,076</b>	<b>72,717,159</b>

The accompanying notes (1) to (15) form an integral part of these financial statements



**JADWA GLOBAL SUKUK FUND**  
An open-ended mutual fund  
(MANAGED BY JADWA INVESTMENT COMPANY)  
**STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (CONTINUED)**  
For the year ended 31 December 2023  
*(Amounts in USD)*

	31 December 2023			31 December 2022				
	Class A	Class B	Class C	Total	Class A	Class B	Class C	Total
<b>Units in issuance at the beginning of the year</b>	538,205.32	147,558.72	4,211.17	689,975.21	534,819.90	202,334.38	9,667.33	746,821.61
Issuance of units during the year	46,612.59	37,050.81	-	83,663.40	413,672.94	30,995.19	-	444,668.13
Redemption of units during the year	(117,714.06)	(32,278.11)	-	(149,992.17)	(410,287.52)	(85,770.85)	(5,456.16)	(501,514.53)
<b>Units in issuance at the end of the year</b>	<b>467,103.85</b>	<b>152,331.42</b>	<b>4,211.17</b>	<b>623,646.44</b>	<b>538,205.32</b>	<b>147,558.72</b>	<b>4,211.17</b>	<b>689,975.21</b>

The accompanying notes (1) to (15) form an integral part of these financial statements

**JADWA GLOBAL SUKUK FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2023**  
*(Amounts in USD)*

	<i>Notes</i>	<b>31 December 2023</b>	31 December <u>2022</u>
<b>Cash flows from operating activities</b>			
Net profit / (loss) for the year		3,451,245	(5,429,712)
<i>Adjustments for:</i>			
Special commission income		(2,744,526)	(3,107,593)
(Gain) / loss on investments, net	8.1	<u>(1,279,822)</u>	<u>7,854,958</u>
		<b>(573,103)</b>	<b>(682,347)</b>
<b>Net changes in operating assets and liabilities</b>			
Purchase of investments		(17,613,322)	(31,833,779)
Proceeds from sale of investments		21,765,584	34,431,303
(Decrease) / increase in management fee payable		(76,535)	21,850
(Decrease) / increase in accrued expenses and other liabilities		<u>(5,735)</u>	<u>6,120</u>
<b>Net cash generated from operations</b>		<b>3,496,889</b>	1,943,147
Special commission income received		<u>2,762,626</u>	<u>3,051,252</u>
<b>Net cash generated from operating activities</b>		<b><u>6,259,515</u></b>	<b><u>4,994,399</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of units		2,832,293	40,804,973
Payment made against redemption of units		<u>(9,305,621)</u>	<u>(47,628,982)</u>
<b>Net cash used in financing activities</b>		<b><u>(6,473,328)</u></b>	<b><u>(6,824,009)</u></b>
<b>Net decrease in cash and cash equivalents</b>			
		<b>(213,813)</b>	<b>(1,829,610)</b>
Cash and cash equivalents at beginning of the year	7	414,552	2,244,162
<b>Cash and cash equivalents at end of year</b>	7	<b><u>200,739</u></b>	<b><u>414,552</u></b>

The accompanying notes (1) to (15) form an integral part of these financial statements

**JADWA GLOBAL SUKUK FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2023**  
*(Amounts in USD)*

**1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

- a) Jadwa Global Sukuk Fund (the “Fund”) is a fixed income fund established and managed as per terms and conditions between Jadwa Investment Company (the “Fund Manager”) and the Fund investors (the “Unitholders”). The Capital Market Authority’s (“CMA”) approval for the establishment of the Fund was granted in its letter number 859 dated Shawal 16, 1428 H (corresponding to 3 October 2007). The Fund commenced its operations on 8 October 2007.

The Fund diversifies its investments in a Shariah compliant portfolio of sovereign, quasi-sovereign and corporate sukuk. Excess cash which the Fund may have from time to time is invested in short-term Murabaha deposits.

- b) In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements of the Fund. The Fund is governed by Investment Fund Regulations (the “Regulations”) published by Capital Market Authority (“CMA”) on 3 Dhul Al-Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “amended regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016) and 17 Rajab 1442 H (corresponding to 1 March 2022), detailing requirements for all funds within the Kingdom of Saudi Arabia.
- c) The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s terms and conditions, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas. The Fund Manager of the Fund is Jadwa Investment Company and administrator and custodian of the Fund is HSBC Saudi Arabia.

The Fund Manager may charge investor a subscription fee at a percentage not exceeding 3% of the subscribed amount. Subscription fee is not included in these financial statements. The Fund Manager charges the Fund a management fee at 0.50%, 0.75%, 0.375%, and 0.75% of the equity value of Class A, Class B, Class C and Class D units respectively at each valuation day.

In addition, the Fund Manager has the right to collectively charge the Fund all other expenses related to the management of the Fund, including but not limited to audit fee and legal charges subject to limits as set out in the Fund’s terms and conditions.

**2. BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) that are as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and to comply with the applicable provisions of the Investment Fund Regulations issued by CMA and the Fund’s terms and conditions.

**3. BASIS OF MEASUREMENT**

The financial statements have been prepared on a historical cost convention, except for the investments which are carried at fair value, using accrual basis of accounting and the going concern concept.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in USD, which is the Fund’s functional currency. All amounts have been rounded to the nearest USD, unless otherwise indicated.

**JADWA GLOBAL SUKUK FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2023**  
*(Amounts in USD)*

**5. USE OF JUDGMENTS AND ESTIMATES**

The preparation of these financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**6. MATERIAL ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

*a) Foreign currency translation*

Transactions in currencies other than functional currencies are translated into USD at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the exchange rate at the reporting date. Foreign currency differences arising on retranslation are recognized in statement of comprehensive income as net foreign exchange gains / losses, except for those arising on financial instruments at FVTPL which are recognized as a component of net gain from financial instruments at FVTPL.

*b) Functional currency*

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Fund's investments and transactions are denominated in USD. Investor subscriptions and redemptions are determined based on equity value, and received and paid in USD. The expenses (including management fees, custodian fees and administration fees) are denominated and paid in USD. Accordingly, management has determined that the functional currency of the Fund is USD.

*c) Special commission income*

Special commission income including special commission income from non-derivative financial assets measured at amortised cost, are recognized in the statement of comprehensive income, using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

*d) Net gain or loss on financial assets and liabilities at FVTPL*

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year's unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

**JADWA GLOBAL SUKUK FUND**  
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*(Amounts in USD)*

**6. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*e) Provisions*

Provisions are recognized whenever there is present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

*f) Management fee*

Management fee is recognized in the statement of comprehensive income as the related services are performed.

*g) Cash and cash equivalents*

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

*h) Financial assets and liabilities*

*Classification of financial assets*

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

*Financial asset at amortized cost*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial asset at fair value through other comprehensive income ("FVOCI")*

A financial asset is measured at fair value through FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund Manager may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

*Financial asset at fair value through profit or loss ("FVTPL")*

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL.

**JADWA GLOBAL SUKUK FUND**  
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*(Amounts in USD)*

**6. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***h) Financial assets and liabilities (continued)***

*Business model assessment*

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

*Assessment whether contractual cash flows are solely payments of principal and commission*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Commission' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and commission, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

***Classification of financial liabilities***

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL.

***Recognition and initial measurement***

Financial assets at FVTPL are initially recognized on the trade date, which the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition issue.

**JADWA GLOBAL SUKUK FUND**  
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*(Amounts in USD)*

**6. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**h) Financial assets and liabilities (continued)**

***Subsequent measurement***

Financial assets at FVTPL are subsequently measured at fair value. Net gains or losses including any foreign exchange gains and losses, are recognized in profit or loss in ‘gains / (losses) on investments, net’ in the statement of comprehensive income.

Financial assets and financial liabilities at amortized cost are subsequently measured at amortized cost using effective interest method and is recognized in statement of comprehensive income.

Any gain or loss on de-recognition is also recognized in statement of comprehensive income. The ‘amortized 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 principle repayments, plus or minus the cumulative amortizing using effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

***Derecognition***

The Fund derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognized) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in statement of comprehensive income. Any interest in such transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognized.

The Fund derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire.

***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously. Income and expenses are presented on a net basis for gain and losses from financial instruments at FVTPL and foreign exchange gains and losses.

**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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

When available, the Fund measures the fair value of an instrument using the quoted prices 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 on-going basis. The Fund measures instruments quoted in an active market as per the official closing price in the related exchange where the instrument is traded.

**JADWA GLOBAL SUKUK FUND**  
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**6. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*i) Fair value measurement*

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize 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 recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

*j) Distributions to the Unitholders*

Distribution to the Unitholders is accounted for as a deduction from net assets (equity) attributable to the Unitholders. An interim dividend is recognized as a liability in the period in which it is irrevocably declared by the Fund Board. A final dividend is recognized as a liability in the period in which it is approved by the Fund Board.

*k) Redeemable Units*

The Fund classified financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank pari passu in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund net assets at each redemption date and also in the event of the Fund's liquidation.

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

*l) New IFRS Standards, interpretations and amendments adopted by the Fund*

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2023 and accordingly adopted by the Fund, as applicable. However, these did not have any significant impact on the financial statements.

- Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction
- A number of narrow-scope amendments to IAS 1, IAS 8
- Amendments to IFRS 17 – Insurance Contracts



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**6. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*m) New regulations effective during the year*

The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Funds permitted by the CMA.

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit an information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Zakat collection will be applied on the Fund's Unit holders.

During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting information declaration in due course.

*n) Standards issued but not yet effective*

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements

<u>Standards / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 1	Classification of Liabilities as current or non-current and noncurrent liabilities covenant	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2024
Amendments to IFRS 10 and IAS 28	Sales or contribution of assets between investors and its associates or joint venture	Available for optional adoption / effective date deferred indefinitely

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**7. CASH AND CASH EQUIVALENTS**

It represents balances held with local banks that have short-term and long-term ratings ranging from 'F-1+' to 'F2' and 'BBB+' to 'AA-', respectively.

**8. INVESTMENTS**

	<i>Note</i>	<b>31 December 2023</b>	31 December 2022
Investment measured at FVTPL:			
- Sukuk	<i>11(a)</i>	<b><u>68,949,395</u></b>	<u>71,821,835</u>

8.1 Below are the details of loss on investments measured at FVTPL:

	<b>31 December 2023</b>	31 December 2022
Realized loss on investments at FVTPL, net	<b>(2,787,410)</b>	(1,274,924)
Unrealized gain / (loss) on investments at FVTPL, net	<b><u>4,067,232</u></b>	<u>(6,580,034)</u>
	<b><u>1,279,822</u></b>	<u>(7,854,958)</u>

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Fund include the Fund Manager, the Fund Board, other funds managed by the Fund Manager and employees of the same. In the ordinary course of its activities, the Fund transacts business with the Fund Manager.

In addition to transactions disclosed elsewhere in these financial statements, the Fund entered into the following transactions with the related parties during the year. These transactions were carried out on the basis of approved terms and conditions of the Fund.

<b>Related party</b>	<b>Nature of relationship</b>	<b>Nature of transactions</b>	<b>31 December 2023</b>	31 December 2022
Jadwa Investment Company	The Fund Manager	Management fee	<b><u>398,355</u></b>	<u>479,908</u>
Fund Board	The Fund Board	The Fund Board fee (independent members)	<b><u>4,316</u></b>	<u>4,316</u>
Nafaqah Waqf Fund	Fund Managed by Jadwa Investment Company	Subscriptions	<b><u>504,559</u></b>	<u>402,856</u>

Balances arising from the above transactions with related parties are as follows:

<b>Related party</b>	<b>Nature of relationship</b>	<b>Nature of balances</b>	<b>31 December 2023</b>	31 December 2022
Jadwa Investment Company	The Fund Manager	Management fee payable	<b><u>67,251</u></b>	<u>143,786</u>

9.1 The units in issue as at 31 December 2023 includes 14,104.75 units (31 December 2022: 14,104.75 units) held by the Fund Manager and 12,083.90 units (31 December 2022: 7,190.86 units) held by the Nafaqah Waqf Fund (a fund managed by the Fund Manager).

9.2 The amounts of transactions and balances of the Fund's units held by the Nafaqah Waqf Fund managed by the Fund Manager are as follows:

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**10. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The table below sets out the classification of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments:

<u>31 December 2023</u>	<u>Amortized cost</u>	<u>FVTPL</u>
<i>Financial assets</i>		
Cash and cash equivalents	200,739	--
Investments	--	68,949,395
Accrued commission income	670,101	--
<b>Total financial assets</b>	<b>870,840</b>	<b>68,949,395</b>
<i>Financial liabilities</i>		
Management fee payable	67,251	--
Accrued expenses and other liabilities	57,908	--
<b>Total financial liabilities</b>	<b>125,159</b>	<b>--</b>
<u>31 December 2022</u>	<u>Amortized cost</u>	<u>FVTPL</u>
<i>Financial assets</i>		
Cash and cash equivalents	414,552	--
Investments	--	71,821,835
Accrued commission income	688,201	--
<b>Total financial assets</b>	<b>1,102,753</b>	<b>71,821,835</b>
<i>Financial liabilities</i>		
Management fee payable	143,786	--
Accrued expenses and other liabilities	63,643	--
<b>Total financial liabilities</b>	<b>207,429</b>	<b>--</b>

**11. FINANCIAL RISK MANAGEMENT**

The Fund has exposure to the following risks from financial instruments:

- a) market risks;
- b) liquidity risk;
- c) credit risk; and
- d) operational risk.

**Risk management framework**

***Financial instruments and associated risks***

The Fund primarily aims to invest in a diversified portfolio consisting of Sukuk in local and international markets. The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Fund are discussed below.

The Portfolio Management team of the Fund Manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with target asset allocations as per the terms and conditions is monitored by the portfolio management team on a regular basis.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

**a) Market risk**

'Market Risk' is the risk that changes in market prices – such as commission rates, foreign exchange rates and security prices – will affect the Fund's income or the fair value of its holdings in financial instruments.

The Fund's market risk is managed by the Fund Manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a daily basis by the portfolio management team of the Fund Manager.

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**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**a) Market risk (continued)**

*i) Foreign currency risk*

Foreign currency risk arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of the Fund's financial assets or financial liabilities denominated in currencies other than USD.

The Fund's currency risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place. The Fund's currency positions and exposures are monitored on a daily basis by the Fund Manager

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in SAR. As the Saudi Arabian Riyal is pegged against the United States Dollar, there is unlikely to be any material impact on the statement of profit or loss in respect of the financial instruments denominated in Saudi Arabian Riyal.

*ii) Cash flow and fair value commission rate risk*

Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of financial instruments. The Fund holds fixed commission securities (sukuk) that exposes that Fund to fair value commission rate risk.

The Fund also holds variable commission sukuk that exposes the Fund to cash flow commission rate risk. The Fund Manager manages the Fund's risk exposures in order to optimize long term returns.

The portfolio management team of the Fund Manager monitors risk exposures on a daily basis.

If the commission rate risk is not in accordance with the Fund's terms and conditions, then the Fund Manager is required to rebalance the portfolio within a reasonable period of time of each determination of such occurrence.

A breakdown of the investments based on the type of commission rate on sukuk is as follows:

	31 December 2023			31 December 2022		
	Cost	Market Value	%	Cost	Market Value	%
Fixed rate	58,677,055	55,160,456	80.00	67,085,649	59,666,857	83.08
Floating rate	14,289,144	13,788,939	20.00	12,690,932	12,154,978	16.92
	<u>72,966,199</u>	<u>68,949,395</u>	<u>100.00</u>	<u>79,776,581</u>	<u>71,821,835</u>	<u>100.00</u>

*Sensitivity analysis*

The sensitivity analysis reflects how net assets (equity) attributable to the Unitholders would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

*Fair value sensitivity analysis for fixed rate instruments*

Management has determined that a fluctuation in commission rates of 100 basis points is reasonably possible, considering the economic environment in which the Fund operates. The table below sets out the effect on the Fund's net assets (equity) attributable to the Unitholders of a reasonably possible increase of 100 basis points in commission rate as at reporting date. The impact of such an increase or reduction has been estimated by calculating the fair value changes of the fixed commission rate sukuk and other fixed commission rate bearing assets. The impact is primarily from the decrease in the fair value of fixed-income sukuk. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

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**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**a) Market risk (continued)**

*Effect in amounts of USD (decrease)*

	<b>31 December <u>2023</u></b>	31 December <u>2022</u>
Net assets (equity) attributable to the Unitholders (reduction)	<b><u>(2,851,519)</u></b>	<u>(3,228,740)</u>

*Effect in % of net assets (equity) attributable to the Unitholders (decrease)*

	<b>31 December <u>2023</u> %</b>	31 December <u>2022</u> %
Net assets (equity) attributable to the Unitholders (reduction)	<b><u>(4.09)</u></b>	<u>(4.44)</u>

A reduction in commission rates of the same amount would have resulted in an opposite effect to the amounts shown.

*Cash flow sensitivity analysis for variable rate instruments*

The following table demonstrates the sensitivity of the income to a reasonably possible decrease of 100 basis points in commission rate, with all other variables held constant. The sensitivity of the income is the effect of the assumed changes in special commission rates on the Fund's income for one year, based on the floating rate financial assets held as at the year-end.

*Effect in amounts of USD (decrease)*

	<b>31 December <u>2023</u></b>	31 December <u>2022</u>
Net assets (equity) attributable to the Unitholders (reduction)	<b><u>(33,682)</u></b>	<u>(28,290)</u>

*Effect in % of net assets (equity) attributable to the Unitholders (decrease)*

	<b>31 December <u>2023</u> %</b>	31 December <u>2022</u> %
Net assets (equity) attributable to the Unitholders (reduction)	<b><u>(0.04)</u></b>	<u>(0.04)</u>

An increase in commission rates of the same amount would have resulted in an opposite effect to the amounts shown.

*iii) Other price risk*

Other price risk' is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from commission rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. As at 31 December 2023, the Fund is not exposed to this risk.

**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

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**b) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from sukuk held and cash and cash equivalents.

For risk management reporting purposes, the Fund considers and aggregates all elements of credit risk exposure such as individual obligor default risk, counter party risk and sector risk etc.

The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the certain credit standards.

The Fund's credit risk is monitored on a regular basis by portfolio management team to ensure it is in line with the investment guidelines of the Fund.

The Fund's activities may give rise to settlement risk. "Settlement risk" as the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, the Fund mitigates this risk by conducting settlements through an independent global clearing system to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	<b>31 December 2023</b>	31 December 2022
Cash and cash equivalents	<b>200,739</b>	414,552
Investments	<b>68,949,395</b>	71,821,835
Accrued commission income	<b>670,101</b>	688,201
<b>Total exposure to credit risk</b>	<b><u>69,820,235</u></b>	<u>72,924,588</u>

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties. Cash and cash equivalents are maintained with local banks that have credit ratings, as disclosed in Note 7. The Fund considers these to have low credit risk. Accordingly, the expected credit loss allowance has no material impact on these balances.

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**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**a) Credit risk (continued)**

The Fund Manager reviews the credit concentration of debt securities held based on counterparties, economic sector and geographic location. The Fund's Sukuk investments are concentrated in the following economic sectors:

	<b>31 December 2023</b>		
<u>Economic sectors</u>	<u>Cost</u>	<u>Fair value</u>	<u>% of Fair value to total sukuk investment</u>
Sovereign	41,363,684	38,821,132	56.30
Banks	22,457,040	21,429,072	31.08
Real Estate management	3,788,805	3,569,173	5.18
Energy	3,564,750	3,333,160	4.83
Chemical	966,852	967,093	1.40
Transportation	532,694	534,527	0.78
Food & Beverages	200,000	202,862	0.29
Airlines	92,375	92,375	0.13
<b>Total</b>	<b>72,966,200</b>	<b>68,949,395</b>	<b>100.00</b>

	31 December 2022		
<u>Economic sectors</u>	<u>Cost</u>	<u>Fair value</u>	<u>% of Fair value to total sukuk investment</u>
Banks	34,761,199	31,997,792	44.55
Sovereign	27,828,916	24,935,020	34.72
Real Estate management	6,159,550	5,791,469	8.06
Energy	6,173,750	5,672,527	7.90
Electric	1,066,400	1,064,396	1.48
Chemical	966,852	965,035	1.34
Transportation	532,694	533,454	0.74
Utilities	656,930	521,360	0.73
Airlines	1,630,290	340,782	0.47
<b>Total</b>	<b>79,776,581</b>	<b>71,821,835</b>	<b>100.00</b>

A breakdown of the investments based on the type of issuer of those instruments is as follows:

<u>Type of Issuers</u>	31 December 2023			31 December 2022		
	<u>Cost USD</u>	<u>Fair Value USD</u>	<u>% of fair value</u>	<u>Cost USD</u>	<u>Fair Value USD</u>	<u>% of fair value</u>
Government	41,363,684	38,821,132	56.30	27,828,916	24,935,020	34.72
Corporate	31,602,516	30,128,263	43.70	51,947,665	46,886,815	65.28
	<b>72,966,200</b>	<b>68,949,395</b>	<b>100.00</b>	<b>79,776,581</b>	<b>71,821,835</b>	<b>100.00</b>

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**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b) Credit risk (continued)**

The Fund's Sukuk investments are concentrated in the following geographical locations:

<b>31 December 2023</b>			
<u>Country of domicile</u>	<u>Cost</u>	<u>Fair value</u>	<u>% of Fair value to total sukuk investment</u>
Saudi Arabia	31,384,121	30,322,129	43.98
UAE	14,443,586	13,371,798	19.39
Indonesia	6,033,865	5,589,693	8.11
Bahrain	5,319,938	4,999,317	7.25
Oman	4,653,039	4,499,930	6.53
Turkey	2,376,640	2,440,571	3.54
Kuwait	2,021,337	1,882,486	2.73
Qatar	2,007,352	1,863,799	2.70
Egypt	1,078,850	1,078,132	1.56
Malaysia	1,208,500	931,260	1.35
Hongkong	1,049,450	920,550	1.34
Pakistan	1,194,250	886,500	1.29
Maldives	195,272	163,230	0.23
<b>Total</b>	<b>72,966,200</b>	<b>68,949,395</b>	<b>100.00</b>

<b>31 December 2022</b>			
<u>Country of domicile</u>	<u>Cost</u>	<u>Fair value</u>	<u>% of Fair value to total sukuk investment</u>
Saudi Arabia	25,294,187	23,580,355	32.83
UAE	21,642,405	19,763,572	27.52
Bahrain	5,792,937	5,306,470	7.39
Oman	4,653,039	4,435,190	6.18
Indonesia	5,361,490	3,515,845	4.90
UAE	3,130,250	3,004,250	4.18
Kuwait	3,042,370	2,821,005	3.93
Qatar	2,211,982	2,017,725	2.81
Turkey	1,952,885	1,921,978	2.68
Qatar	1,728,814	1,614,762	2.25
Maldives	1,514,022	1,394,813	1.94
Hong Kong	1,049,450	911,406	1.27
Malaysia	1,208,500	887,364	1.24
Pakistan	1,194,250	647,100	0.90
<b>Total</b>	<b>79,776,581</b>	<b>71,821,835</b>	<b>100.00</b>



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**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Allowance for impairment**

The Fund has investments in securities classified as FVTPL. Hence, no impairment allowance is recorded in these financial statements as per IFRS 9. The Fund's Cash and cash equivalents are maintained with banks which is in line with globally understood definition of investment grade. Accordingly, there is no material impact of expected credit loss allowance on this balance

**c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's policy and the Fund Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's terms and conditions provide for subscription and redemption of units on every Saudi business day and it is, therefore, exposed to the liquidity risk of meeting the Unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans.

The Fund manages its liquidity risk by investing predominantly in securities which are expected to be liquidated within short period of time.

The contractual maturity profile of the financial assets and financial liabilities of the Fund is as follows:

	<i>Within 12 months</i>	<i>After 12 months</i>	<i>No fixed maturity</i>	<i>Total</i>
<b>As at 31 December 2023</b>				
Cash and cash equivalents	--	--	200,739	200,739
Investments measured at FVTPL	4,351,994	64,597,401	--	68,949,395
Accrued special commission income	670,101	--	--	670,101
<b>Total financial assets</b>	<b>5,022,095</b>	<b>64,597,401</b>	<b>200,739</b>	<b>69,820,235</b>
Management fee payable	67,251	--	--	67,251
Accrued expenses and other liabilities	57,908	--	--	57,908
<b>Total financial liabilities</b>	<b>125,159</b>	<b>--</b>	<b>--</b>	<b>125,159</b>
<b>As at 31 December 2022</b>				
Cash and cash equivalents	--	--	414,552	414,552
Investments measured at FVTPL	4,611,631	67,210,204	--	71,821,835
Accrued special commission income	688,201	--	--	688,201
<b>Total financial assets</b>	<b>5,299,832</b>	<b>67,210,204</b>	<b>414,552</b>	<b>72,924,588</b>
Management fee payable	143,786	--	--	143,786
Accrued expenses and other liabilities	63,643	--	--	63,643
<b>Total financial liabilities</b>	<b>207,429</b>	<b>--</b>	<b>--</b>	<b>207,429</b>

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**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - periodic assessment of operational risks faced
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance if this is effective.

**12. FAIR VALUE MEASUREMENT**

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: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Fund determines fair values of sukuk that are actively traded on debt markets at their average of last reported bid and ask prices. To the extent that sukuk securities are actively traded and valuation adjustment are not applied, they are categorized in level 1 of their fair value hierarchy. hence the Fund's investment measured at FVTPL have been categorized in level 1 of the fair value hierarchy.

The Fund determined fair value of investments in unlisted sukuk measured at FVTPL is determined based on the similar security external price. Therefore, the Fund classified them as level 2 of the fair value hierarchy.

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**12. FAIR VALUE MEASUREMENT (CONTINUED)**

*Carrying amounts and fair value*

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position. All fair value measurements below are recurring.

	<b>31 December 2023</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b><u>Financial assets at fair value</u></b>					
<b>Investments</b>	<b>68,949,395</b>	<b>53,951,716</b>	<b>14,997,679</b>	<b>--</b>	<b>68,949,395</b>

  

	<b>31 December 2022</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b><u>Financial assets at fair value</u></b>					
<b>Investments</b>	<b>71,821,835</b>	<b>38,361,659</b>	<b>33,460,176</b>	<b>--</b>	<b>71,821,835</b>

During the year, there were no transfers between the fair value hierarchy level.

Other financial instruments such as cash and cash equivalents, accrued special commission income, management fees payable, accrued expenses and other liabilities are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value due to their short-term nature. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3.

**13. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There is no event subsequent to the statement of financial position date which require adjustment of or disclosure in the financial statement or notes thereto.

**14. LAST VALUATION DAY**

The last valuation day for the purpose of preparation of these financial statements was 31 December 2023 (2022: 31 December 2022).

**15. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Fund Board on 18 Ramadan 1445H (corresponding to 28 March 2024).