

JADWA GLOBAL SUKUK FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2022
together with the
Independent Auditor's Review Report to the Unitholders

JADWA GLOBAL SUKUK FUND
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(MANAGED BY JADWA INVESTMENT COMPANY)
Condensed Interim Financial Statements (Unaudited)
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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 on review of condensed interim financial statements

To the Unitholders of Jadwa Global Sukuk Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of **Jadwa Global Sukuk Fund** (the "Fund"), managed by Jadwa Investment Company (the "Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2022;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2022;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2022;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2022; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. 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' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2022 condensed interim financial statements of **Jadwa Global Sukuk Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Hani Hamzah A. Bedairi
License No. 460

Date: 20 Muharram 1444H
Corresponding to: 18 August 2022

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كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مطوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة لجنابزية محدودة بضمن. جميع الحقوق محفوظة.

JADWA GLOBAL SUKUK FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2022
(Amounts in USD)

	<i>Notes</i>	30 June 2022	31 December 2021
		(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents	7	1,294,895	2,244,162
Investments	8	77,041,142	82,274,317
Accrued commission income		719,607	631,860
Total assets		<u>79,055,644</u>	<u>85,150,339</u>
LIABILITIES			
Management fee payable	<i>1(c), 10</i>	38,509	121,936
Accrued expenses and other liabilities		19,027	57,523
Total liabilities		<u>57,536</u>	<u>179,459</u>
Net assets (equity) attributable to the Unitholders (USD)		<u>78,998,108</u>	<u>84,970,880</u>
Units in issuance (numbers):			
Class A		<u>512,964.84</u>	<u>534,819.90</u>
Class B		<u>211,662.06</u>	<u>202,334.38</u>
Class C		<u>4,211.17</u>	<u>9,667.32</u>
Net assets (equity) value attributable to each unit (USD):			
Class A		<u>98.0204</u>	<u>103.4611</u>
Class B		<u>133.5954</u>	<u>141.2120</u>
Class C		<u>104.5237</u>	<u>110.2467</u>

The accompanying notes (1) to (14) form an integral part of these condensed interim financial statements.

JADWA GLOBAL SUKUK FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in USD)

	<i>Notes</i>	For the six-month period ended 30 June	
		2022	2021
Loss from investments, net	9	(6,320,199)	(511,861)
Special commission income		1,601,470	866,079
Total revenue		(4,718,729)	354,218
Management fee	1(c), 10	(257,700)	(134,426)
Other operating expenses		(105,722)	(59,112)
Fund Board fee		(2,116)	(2,116)
Foreign exchange loss		(326)	(391)
Total operating expenses		(365,864)	(196,045)
Net (loss) / profit for the period		(5,084,593)	158,173
Other comprehensive income for the period		--	--
Total comprehensive (loss) / income for the period		(5,084,593)	158,173

The accompanying notes (1) to (14) form an integral part of these condensed interim financial statements.

JADWA GLOBAL SUKUK FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in USD)

	For the six-month period ended 30 June	
	2022	2021
Net assets (equity) attributable to the Unitholders at beginning of the period	84,970,880	42,545,375
Net (loss) / profit for the period	(5,084,593)	158,173
<i>Contributions and redemptions by the Unitholders</i>		
Proceeds from issuance of units:		
Class A	35,989,474	8,868,627
Class B	3,750,416	11,928,701
Class C	--	463,362
	39,739,890	21,260,690
Payments against redemption of units:		
Class A	(37,621,216)	(2,531,059)
Class B	(2,411,060)	(5,507,353)
Class C	(595,793)	(35,000)
	(40,628,069)	(8,073,412)
Net contributions the Unitholders	(888,179)	13,187,278
Net assets (equity) attributable to the Unitholders	78,998,108	55,890,826

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JADWA GLOBAL SUKUK FUND
An open-ended mutual fund
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CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2022

Units transactions (numbers)	For the six-month period ended 30 June							
	2022				2021			
<u>Units in issuance</u>	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total</u>	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total</u>
Units in issuance at the beginning of the period	534,819.90	202,334.38	9,667.32	746,821.60	277,817.03	91,784.52	9,964.62	379,566.17
Units issued	353,535.64	27,216.08	--	380,751.72	85,778.43	84,309.48	4,201.30	174,289.21
Units redeemed	(375,390.70)	(17,888.40)	(5,456.15)	(398,735.25)	(24,403.25)	(39,063.93)	(318.26)	(63,785.44)
Units in issuance at end of the period	<u>512,964.84</u>	<u>211,662.06</u>	<u>4,211.17</u>	<u>728,838.07</u>	<u>339,192.21</u>	<u>137,030.07</u>	<u>13,847.66</u>	<u>490,069.94</u>

The accompanying notes (1) to (14) form an integral part of these condensed interim financial statements.

JADWA GLOBAL SUKUK FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in USD)

	For the six-month period ended 30 June	
<i>Note</i>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net (loss) / profit for the period	(5,084,593)	158,173
<i>Adjustments for:</i>		
Special Commission income	(1,601,470)	(866,079)
Loss on investments, net	9 6,320,199	511,861
	(365,864)	(196,045)
Net changes in operating assets and liabilities		
Purchase of investments	(31,301,409)	(16,776,023)
Proceeds from sale of investments	30,214,385	4,550,902
Management fee payable	(83,427)	5,899
Accrued expenses and other liabilities	(38,496)	(5,952)
Cash used in operations	(1,574,811)	(12,421,219)
Special Commission income received	1,513,723	788,032
Net cash used in operating activities	(61,088)	(11,633,187)
Cash flows from financing activities		
Proceeds from issuance of units	39,739,890	21,260,691
Payment made against redemption of the units	(40,628,069)	(8,073,412)
Net cash (used in) / generated from financing activities	(888,179)	13,187,279
Net (decrease) / increase in cash and cash equivalents	(949,267)	1,554,092
Cash and cash equivalents at the beginning of the period	2,244,162	669,399
Cash and cash equivalents at the end of the period	1,294,895	2,223,491

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JADWA GLOBAL SUKUK FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(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 (“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 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 for 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 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Fund commenced its operations on 8 October 2007.
- 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% and 0.375% of the equity value of Class A, Class B and Class C 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 condensed interim financial statements are prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by the CMA, the Fund’s terms and conditions and the Information Memorandum. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Fund’s annual audited financial statements for the year ended 31 December 2021.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in USD)

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on a historical cost convention, except for 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 condensed interim 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.

5. USE OF JUDGMENTS AND ESTIMATES

In preparing these condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

6. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2021. A number of new standards and regulations are effective from 1 January 2022 but they do not have a material effect on the Fund's condensed interim financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Fund has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements.

7. CASH AND CASH EQUIVALENTS

These comprise of balances held mainly with custodian under omnibus account with a local bank having an investment grade credit rating. Cash and cash equivalents also include balances against transactions awaiting settlement.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in USD)

8. INVESTMENTS

This represents investments in sovereign, quasi-sovereign and corporate sukuk carried at fair value through profit or loss.

The economic sector-wise breakdown of the investments is as follows:

<u>Economic Sectors</u>	<u>30 June 2022</u>			<u>31 December 2021</u>		
	<u>Cost</u>	<u>Fair value</u>	<u>% of fair value</u>	<u>Cost</u>	<u>Fair value</u>	<u>% of fair value</u>
Banking	47,391,696	44,896,771	58.28	42,600,416	42,603,656	51.78
Sovereign	20,888,467	18,884,982	24.51	24,988,165	24,848,220	30.20
Energy	5,372,356	5,006,230	6.50	4,399,355	4,371,520	5.31
Utilities	3,351,726	3,131,268	4.06	3,783,354	3,762,126	4.57
Food and beverages	1,582,642	1,510,630	1.96	1,084,824	1,066,872	1.30
Industrials	1,622,960	1,409,963	1.83	2,548,689	2,511,084	3.05
Chemicals	977,143	976,839	1.27	992,593	991,677	1.21
Communications	739,146	646,506	0.84	739,146	733,161	0.89
Airlines	1,780,581	577,953	0.75	1,930,872	809,564	0.99
Consumer Services	—	—	—	581,613	576,437	0.70
Total	83,706,717	77,041,142	100.00	83,649,027	82,274,317	100.00

9. LOSS ON INVESTMENTS, NET

	<u>For the six-month period ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
Realized loss, net	(1,029,333)	(41,264)
Unrealized loss, net	(5,290,865)	(470,597)
	(6,320,198)	(511,861)

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>For the six-month period ended 30 June</u>	
			<u>2022</u>	<u>2021</u>
Jadwa Investment Company	The Fund Manager	Management fee	257,700	134,426
The Fund Board	The Fund Board	The Fund Board fee (independent member)	2,116	2,116

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in USD)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balance</u>	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Jadwa Investment Company	The Fund Manager	Management fee payable	38,509	121,936

10.1 The Unitholder's account as at 30 June 2022 includes 14,104.75 units (31 December 2021: 14,104.75 units) held by the Fund Manager and 7,190.86 units (31 December 2021: 7,190.86 units) held by the Nafaqah Waqf Fund (a fund managed by the Fund Manager).

10.2 As at the reporting date, a member of the Fund Board held Nil units (31 December 2021: 512.49 units).

11. LAST VALUATION DAY

The Fund's units are valued on every business days and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these condensed interim financial statements was 30 June 2022 (2021: 31 December 2021)

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: Inputs other than quoted prices included within Level 1 that are observable 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 in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which 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 but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund calculates 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.

In other cases, the fair value is estimated using the market comparison / discounted cash flow technique (Level 3 measurement). This considers (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.

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For the six-month period ended 30 June 2022
(Amounts in USD)

12. FAIR VALUE MEASUREMENT (CONTINUED)

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 condensed interim statement of financial position. All fair value measurements below are recurring.

Financial assets at fair value	30 June 2022 (Unaudited)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Investments	77,041,142	73,275,755	3,765,387	--	77,041,142
	31 December 2021 (Audited)				
		Fair value			
Financial assets at fair value	Carrying amount	Level 1	Level 2	Level 3	Total
Investments	82,274,317	75,625,517	6,648,800	--	82,274,317

For the period / year ended 30 June 2022 and 31 December 2021 respectively, there were no transfers between levels.

The fund has classified cash and cash equivalents as level 1 as per the fair value hierarchy. For financial assets and financial liabilities carried at amortized cost, their carrying values are a reasonable approximation of fair value and are classified as level 3.

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the condensed interim statement of financial position date which require adjustments of or disclosure in the financial statements or notes thereto.

14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorized for issue by the Fund Board on 20 Muharram 1444H (corresponding to 18 August 2022).