AL-WATANI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY
WATANI WEALTH MANAGEMENT
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2026
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Unitholders
Al-Watani Sukuk Fund
(An Open-Ended Mutual Fund)
Riyadh, Kingdom of Saudi Arabi

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Al-watani Sukuk Fund** ("the Fund"), managed by Watani Wealth Management ("the Fund Manager"), as at June 30, 2026, and the related interim condensed statements of comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows for the six-month period then ended, and the explanatory notes ("the interim financial information"). Fund Manager is responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard 34: Interim Financial Reporting ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim financial information 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"*, as 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 the 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

Other Matter

The comparative information presented in the interim condensed statement of comprehensive income, changes in net assets (equity) attributable to the unitholders and cash flows and the related notes has not been reviewed or audited.

Deloitte and Touche & Co.
Chartered Accountants

Abdulrahman Alsuwaiygh
Certified Public Accountant
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10 August 2026

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AL-WATANI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY
WATANI WEALTH MANAGEMENT
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2026
(AMOUNT IN USD '000)

	Note	As At June 30, 2026 (unaudited)	As at 31 December 2025 (audited)
ASSETS			
Cash and bank balances	8	**453**	9,342
Investments measured at fair value through profit or loss (FVPL)	9	**27,138**	20,940
Accrued special commission income		**428**	277
Total assets		**28,019**	30,559
LIABILITIES			
Other payables	10	**38**	4,033
Total liabilities		**38**	4,033
Net assets (equity) attributable to the unitholders		**27,981**	26,526
Units in issue (number in thousands)		**2,745**	2,578
Net assets (equity) per unit (USD)		**10.19**	10.29

The accompanying notes 1 to 19 form an integral part of these financial statements.

AL-WATANI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY
WATANI WEALTH MANAGEMENT
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
(AMOUNT IN USD '000)

	Note	June 30, 2026 (unaudited)	For the period from June 17, 2025 to June 30, 2025 (unaudited / unreviewed)
INCOME			
Special Commission income		**719**	78
Realized loss from investments measured at FVTPL		**(358)**	-
Unrealized (loss) gain from investments measured at FVTPL		**(256)**	8
Total income		**105**	86
EXPENSES			
Fund management fees		**(103)**	(1)
Other expenses		**(49)**	(75)
Total expenses		**(152)**	(76)
Net (loss) / gain for the period		**(47)**	10
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		**(47)**	10

The accompanying notes 1 to 19 form an integral part of these financial statements.

AL-WATANI SUKUK FUND
(AN OPEN-ENDED MUTUAL FUND)
MANAGED BY
WATANI WEALTH MANAGEMENT
INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
(AMOUNT IN USD '000)

	June 30, 2026 (unaudited)	For the period from June 17, 2025 to June 30, 2025 (unaudited / unreviewed)
Net assets (equity) attributable to the Unitholders at the beginning of the period	**26,526**	-
Total Comprehensive (loss) / income for the period	**(47)**	10
Dividends paid during the period	**(345)**	-
Increase in equity from unit transactions during the period		
Proceeds from issuance of units during the period	**11,572**	4,804
Value of units redeemed during the period	**(9,725)**	-
Net assets (equity) attributable to the unitholders at the end of the period	**27,981**	4,814

UNITS TRANSACTIONS

Transactions in units are summarized as follows:

	June 30, 2026 (unaudited)	For the period from June 17, 2025 to June 30, 2025 (unaudited / unreviewed)
Units in issuance at beginning of the year (numbers in thousands)	**2,578**	-
Issuance of units during the year (numbers in thousands)	**1,133**	481
Redemption of units during the year (number in thousands)	**(966)**	-
Units in issuance at end of the year (numbers in thousands)	**2,745**	481

The accompanying notes 1 to 19 form an integral part of these financial statements.

INTERIM CONDENSED STATEMENT OF CASHFLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
(AMOUNT IN USD '000)

	Note	June 30, 2026 (unaudited)	For the period from June 17, 2025 to June 30, 2025 (unaudited / unreviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / gain for the period		**(47)**	10
Adjustments to reconcile net income to net cash used in operating activities			
Unrealized (loss) / gain on investments measured at FVTPL		**(256)**	8
		(303)	18
Net increase in operating assets:			
Increase in investment measured at FVTPL		**(5,942)**	(4,804)
Increase in accrued special commission income		**(151)**	-
Net change in operating liabilities:			
(Decrease) / Increase in other payables		**(3,995)**	1
Net cash used in operating activities		**(10,391)**	(4,785)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		**11,572**	4,804
Redemptions of the units, net off payable		**(9,725)**	-
Dividend paid during the period		**(345)**	
Net cash generated from financing activities		**1,502**	4,804
Net (decrease) / increase in cash and cash equivalents		**(8,889)**	19
Cash and cash equivalents at beginning of the period		**9,342**	-
Cash and cash equivalents at end of the period	8	**453**	19

1. FUND AND ITS ACTIVITIES

Al-Watani Sukuk Fund (the "Fund") is a public, open-ended investment fund, managed by Watani Wealth Management (the "Fund Manager"), a subsidiary of National Bank of Kuwait (the "Bank"), for the benefit of the Fund's Unitholders. The Fund is established under article 32 of the Investment Fund Regulations (the "Regulations") issued by the Capital Market Authority ("CMA").

The Capital Market Authority ("CMA") approved the establishment of the Fund on Ramadan 02, 1446H (corresponding to March 2, 2025). The Fund commenced its operations on Dhu al-Hijjah 21, 1446H (corresponding to June 17, 2025).

The Fund's investment objective is to achieve capital growth and generate income for Unitholders through active investment primarily in Shariah-compliant sukuk. The Fund invests mainly in local, regional, and international sukuk, with a particular focus on U.S. dollar-denominated sukuk, in accordance with the approved investment policy and Shariah standards. The fund does not invest in any SAR denominated sukuk.

The Fund may also invest in Shariah-compliant money market instruments, sukuk funds, exchange-traded funds (ETFs) related to sukuk, structured products, and other permitted investment instruments as set out in the Fund's Terms and Conditions.

The Fund benchmarks its performance against the IDEALRATINGS Investment Grade USD Sukuk Index (Total Return) and aims to achieve returns that are consistent with its investment strategy and risk profile.

Income generated from the Fund's investments may be reinvested or distributed in accordance with the Fund's distribution policy as set out in the Terms and Conditions.

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by the CMA.

The Fund has appointed SNB Capital Company to act as its custodian and administrator.

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements are prepared in accordance with the International Accounting Standard 34: Interim Financial Reporting ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization of Chartered and Professional Accountants, and to comply with the applicable provisions of the Investment Funds Regulations issued by CMA and the Fund's Terms and Conditions.

The interim condensed financial statements do not include all the information and disclosures that are typically required in the annual financial statements should be read in conjunction with the Fund's latest financial statements for the period ended 31 December 2025.

3. SUBSCRIPTION / REDEMPTION OF UNITS (DEALING DAY AND VALUATION DAY)

The Fund is open for subscriptions and redemptions on every Monday of each week (the "Dealing Day"). The valuation of the Fund's assets and the calculation of the Net Asset Value ("NAV") per unit are based on the market value of the Fund's assets as of Monday of each week (the "Valuation Day"), with the NAV calculated and announced on the following business day. Subscription and redemption requests must be submitted in accordance with the cut-off times specified by the Fund Manager for the relevant Dealing Day. If the Dealing Day or the Valuation Day falls on a public holiday in the Kingdom of Saudi Arabia, the Dealing Day and/or the Valuation Day shall be deferred to the next business dealing day in accordance with the Fund's Terms and Conditions.

The subscription or redemption price of a unit shall be based on the NAV per unit calculated on the applicable Valuation Day following the relevant Dealing Day on which the subscription or redemption request was accepted.

The NAV of the Fund for the purpose of purchase or redemption of units is calculated by subtracting from the value of the Fund's total assets to the value of the Fund's total liabilities. The unit price is determined by dividing such resulting figure by the total number of outstanding units on the relevant Valuation Day.

4. BASIS OF MEASUREMENT

The interim condensed financial statements have been prepared on a historical cost basis except for investments measured at FVTPL which are stated at their fair value.

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Fund Manager is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the interim condensed financial statements are prepared on the going concern basis.

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 interim condensed statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of these interim condensed financial statements in conformity with IFRS 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 estimates are recognised prospectively. The basis and the methods used for accounting estimates, judgements and assumptions adopted in were interim condensed financial statements are consistent with those used in the preparation of the audited financial statements of the fund for the period ended 31 December 2025.

(AMOUNT IN USD '000)

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual audited financial statements of the Fund for the year ended December 31, 2025.

7. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

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

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2025, except for the adoption of new standards effective from 1 January 2026. The Fund has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective. The standards effective from 1 January 2026 listed below do not have a material impact on these interim condensed financial statements.

Standard/interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026.
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	1 January 2026

(AMOUNT IN USD '000)

7. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS (CONTINUED)

Prospective changes to the International Financial Reporting Framework

At the date of authorization of these interim condensed financial statements, the Fund has not applied the following new and revised IFRS that have been issued but are not yet effective. The Fund Manager does not expect that the adoption of the standards and amendments listed below will have a material impact on the interim-condensed financial statements of the Fund in future periods, except for IFRS 18. The Fund Manager is currently assessing the impact of the adoption of IFRS 18 and will apply the standard from its mandatory adoption date of January 1, 2027.

Standard/ interpretation	**Description**	**Effective from periods beginning on or after**
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
IFRS 18, Presentation and Disclosure in Financial Statements	Refer to Note 17.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

(AMOUNT IN USD '000)

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following:

	June 30, 2026 (unaudited)	31 December 2025 (audited)
Cash and cash equivalents	**453**	9,342

This comprises of balance held with the custodian in an investment account. The Fund's management does not consider the expected credit losses on its bank balances to be material.

Cash and cash equivalents include short-term Murabaha investments amounting to USD 240,000, bearing a markup rate of 3.70% per annum (31 December 2025: Nil).

9. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

The composition of investments measured at fair value through profit or loss is summarized below:

		June 30, 2026 (unaudited)	
	Note	**Cost**	**Fair Value**
Sukuk	**13**	**27,355**	**27,138**
		27,355	**27,138**

		December 31, 2025 (audited)	
	Note	Cost	Fair Value
Sukuk	13	20,896	20,940
		20,896	20,940

10. OTHER PAYABLES

	June 30, 2026 (unaudited)	31 December 2025 (audited)
Management fee payable	**25**	13
Others	**13**	4,020
	38	4,033

(AMOUNT IN USD '000)

11. OTHER EXPENSES

	June 30, 2026 (unaudited)	For the period from 17 June 2025 to 30 June 2025 (unaudited /unreviewed)
Audit fee	**6**	8
Benchmark Fee	**4**	5
Others	**39**	62
	49	75

12. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The related parties of the Fund comprise the Fund Manager, the Fund Board and the Bank (of the fund manager parent). In the ordinary course of its activities, the Fund conducts transactions with the Fund Manager.

Management fee and other expenses

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues a management fee on a daily basis, as determined by the Fund Manager, which should not be more than the maximum annual rate of 0.75% per annum of the Fund's daily NAV as set out in the Fund's terms and conditions.

Transactions with related parties

During the year, the Fund entered into the following transactions, other than those disclosed elsewhere in the interim condensed financial statements, with related parties in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions are approved by the Fund Board.

		Transactions		**Balance**	
Related party	**Nature of transaction**	**June 30, 2026 (unaudited)**	For the period from June 17, 2025 to June 30, 2025 (unaudited/ unreviewed)	**June 30, 2026 (unaudited)**	31 December 2025 (audited)
The Fund Manager	Management fee	**40**	1	**25**	13

13. RISK AND CAPITAL MANAGEMENT

The Fund's objective in managing risk is the creation and protection of Unitholders' value. Risk is inherent in the Fund's investment activities; however, it is managed through a structured process of ongoing risk identification, measurement, monitoring, and control, subject to defined limits and governance oversight.

The Fund is exposed to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk and
- operational risk

The Fund Manager is responsible for identifying, monitoring, and managing the risks to which the Fund is exposed in accordance with the Fund's Terms and Conditions and applicable regulations. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall governance and risk oversight of the Fund.

Risk monitoring and control are primarily performed in line with the limits and guidelines approved by the Fund Board. The Fund's Terms and Conditions set out its investment strategy, risk tolerance, and overall risk management framework. The Fund Manager is required to take appropriate actions, including portfolio rebalancing, to ensure compliance with the approved investment guidelines.
This note presents information about the Fund's objectives, policies, and processes for measuring and managing risk, as well as its management of capital.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations, resulting in a financial loss to the Fund.

The Fund is exposed to credit risk primarily through its investments in sukuk and its cash and cash equivalents. Credit risk is managed by investing in sukuk issued by sovereign, quasi-sovereign, and corporate issuers with acceptable credit quality, as well as by dealing only with reputable and creditworthy counterparties. The Fund Manager monitors credit exposures on an ongoing basis and seeks to limit concentrations of credit risk in accordance with the Fund's Terms and Conditions. The table below shows the maximum exposure to credit risk for the component of the interim condensed statement of financial position:

	30 June 2026 (unaudited)
Cash and cash equivalents	**453**
Investments at fair value through profit or loss	**27,138**
Accrued special commission income	**428**
Total exposure to credit risk	**28,019**

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:

(AMOUNT IN USD '000)

13. RISK AND CAPITAL MANAGEMENT (CONTINUED)

	30 June 2026 (Unaudited)		
	% of Fair value to total Sukuk investment	**Cost**	**Fair value**
Economic Sector			
Financials	**49.89%**	**13,612**	**13,539**
Energy	**19.25%**	**5,290**	**5,223**
Sovereign	**17.93%**	**4,913**	**4,867**
Utilities	**6.96%**	**1,899**	**1,888**
Materials	**5.97%**	**1,641**	**1,621**
Total	**100%**	**27,355**	**27,138**

	31 December 2025 (audited)		
	% of Fair value to total Sukuk investment	Cost	Fair value
Economic Sector			
Financials	53%	11,021	11,041
Energy	27%	5,736	5,742
Sovereign	8%	1,646	1,654
Consumer	5%	1,081	1,084
Materials	4%	839	838
Utilities	3%	573	581
Total	100%	20,896	20,940

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

	30 June 2026 (Unaudited)	
	Fair Value USD	**% of fair value**
Government	**9,991**	**37%**
Corporate	**17,147**	**63%**
	27,138	**100%**

	31 December 2025 (audited)	
	Fair Value USD	% of fair value
Government	1,654	8%
Corporate	19,286	92%
	20,940	100%

(AMOUNT IN USD '000)

13. RISK AND CAPITAL MANAGEMENT (CONTINUED)

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

	30 June 2026 (unaudited)		
	% of Fair value to total Sukuk investment	**Cost**	**Fair value**
Country domicile			
Saudi Arabia	**48.87%**	**13,348**	**13,262**
United Arab Emirates	**18.76%**	**5,155**	**5,090**
Bahrain	**15.70%**	**4,307**	**4,262**
Kuwait	**13.68%**	**3,729**	**3,712**
Oman	**2.99%**	**816**	**812**
Total	**100%**	**27,355**	**27,138**

	31 December 2025 (audited)		
	% of Fair value to total Sukuk investment	Cost	Fair value
Country domicile			
Saudi Arabia	43%	9,043	9,058
United Arab Emirates	31%	6,471	6,474
Bahrain	12%	2,528	2,537
Kuwait	11%	2,339	2,347
Oman	3%	515	524
Total	100%	20,896	20,940

Allowance for impairment

The Fund has investments in securities classified as FVTPL. Hence, no impairment allowance is recorded in these interim condensed 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.

Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in meeting its obligations associated with financial liabilities, including Unitholders' redemption requests.

The Fund's Terms and Conditions provide for subscriptions and redemptions on a weekly basis, and accordingly, the Fund is exposed to liquidity risk arising from Unitholders' redemptions. As at 30 June 2026, the Fund's cash and cash equivalents and investments measured at fair value through profit or loss are considered to be sufficiently liquid and readily realizable.

The Fund Manager monitors the Fund's liquidity position on a regular basis and seeks to ensure that adequate liquidity is maintained to meet redemption requests and other obligations as they arise.

(AMOUNT IN USD '000)

13. RISK AND CAPITAL MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that changes in market variables will affect the Fund's income or the fair value of its investments.

i) Price risk

Price risk arise primarily from fluctuations in market profit rates, credit spreads, and sukuk prices, which may affect the fair value of the Fund's sukuk investments. The Fund does not invest in equity securities, and therefore is not exposed to equity price risk.

The Fund Manager manages market risk in line with the Fund's investment objectives and strategy as set out in the Terms and Conditions, including through diversification, monitoring of market conditions, and active portfolio management

The effect on the profit and net assets value as a result of the change in the fair value of the investments as at 30 June 2026 and 31 December 2025 due to a reasonably possible change in prices with all other variables held constant is as follows:

	30 June 2026 (unaudited)	
	Potential reasonable change	**Effect on Equity**
Sukuk	**+/-1%**	**271**

	31 December 2025 (audited)	
	Potential reasonable change	Effect on Equity
Sukuk	+/-1%	212

ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates. 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.

Exposure

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

	30 June 2026 (unaudited)		31 December 2025 (audited)	
	Amount in USD	**%**	Amount in USD	%
Fixed rate	**27,138**	**100%**	20,940	100%

13. RISK AND CAPITAL MANAGEMENT (CONTINUED)

iii) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency. The Fund's investments in debt instruments measured at FVTPL are not exposed to any foreign exchange risk as the said instruments are denominated in United States Dollar and the Fund's functional currency is also in United States Dollar.

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.

13.1 Capital management

The Fund's capital represents the net assets of the Unitholders. The Fund's objectives when managing capital are to maintain the ability to continue as a going concern and achieve returns for Unitholders, as well as maintaining the capital base to support the development of the Fund's investment activities.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. Financial instruments comprise financial assets and financial liabilities. The Fund's financial assets consist of listed sukuk investments held at FVTPL and financial assets measured at amortized cost. The Fund's financial liabilities consist of financial liabilities measured at amortized cost.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(AMOUNT IN USD '000)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below presents the investments measured at their fair values as of reporting date based on the fair value hierarchy:

	30 June 2026 (unaudited)				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments measured at FVTPL	**27,138**	**-**	**27,138**	**-**	**27,138**
	27,138	**-**	**27,138**	**-**	**27,138**

	31 December 2025 (audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments measured at FVTPL	20,940	-	20,940	-	20,940
	20,940	-	20,940	-	20,940

During the period, there were no transfers between the fair value levels. The carrying amounts of the financial assets such as cash and cash equivalents and accrued special commission income approximate fair value because of their short-term nature and the high credit quality of counterparties. The carrying amount of other payables approximate fair value because of its short-term nature.

15. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

As at 30 June 2026 (unaudited)	**Within 12 months**	**After 12 months**	**Total**
ASSETS			
Cash and cash equivalent	**453**	**-**	**453**
Financial assets at FVTPL	**-**	**27,138**	**27,138**
Accrued special commission income	**428**	**-**	**428**
TOTAL ASSETS	**881**	**27,138**	**28,019**
LIABILITIES			
Management fees payable	**25**	**-**	**25**
Other payables	**13**	**-**	**13**
TOTAL LIABILITIES	**38**	**-**	**38**

(AMOUNT IN USD '000)

15. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2025 (audited)	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalent	9,342	-	9,342
Financial assets at FVTPL	-	20,940	20,940
Accrued special commission income	277	-	277
TOTAL ASSETS	9,619	20,940	30,559
LIABILITIES			
Management fees payable	13	-	13
Other payables	4,020	-	4,020
TOTAL LIABILITIES	4,033	-	4,033

16. LAST VALUATION DAY

The last valuation day of the year was 30 June 2026.

17. IFRS 18 – PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

IFRS 18 'Presentation and Disclosure in Financial Statements', as endorsed in Kingdom of Saudi Arabia (IFRS 18) will replace IAS 1 'Presentation of Financial Statements'' as endorsed in the Kingdom of Saudi Arabia, for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. The Fund Manager has not early adopted IFRS 18 in preparing this interim financial information.

The Fund Manager is currently assessing the estimated impact that the initial application of IFRS 18 will have on the Fund's financial statements. Based on the assessment performed to date, the expected impacts pertain to the presentation, aggregation, disaggregation and disclosure of information within the Fund's financial statements.

Presentation of Statement of Comprehensive Income

IFRS 18 requires entities to classify income and expenses into specified categories within the statement of income, namely operating, investing, financing, income taxes and discontinued operations. It also introduces mandatory subtotal including Operating Profit and Profit for the year.

Neither total profit for the period nor total net assets attributable to Unitholders is expected to change as a result of adopting IFRS 18. However, the Fund Manager expects changes to the presentation and classification of certain income and expense items within the statement of comprehensive income, including the introduction of IFRS-defined subtotals.

Based on its preliminary assessment, the Fund Manager has concluded that investing in financial assets as part of the Fund's objectives constitutes its specified main business activities for the purposes of IFRS 18. Based on this, the Fund Manager expects the following impact on the interim financial information:

- Income / expenses and changes in fair value arising from investing in financial assets are expected to be presented within the operating category.

17. IFRS 18 – PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS (CONTINUED)

In addition, IFRS 18 may require changes to certain line-item descriptions, subtotals and disclosures currently presented in the statement of comprehensive income. The assessment remains subject to completion of the Fund Manager's implementation activities and any future interpretative or regulatory developments.

Management-defined Performance Measures

IFRS 18 introduces new disclosure requirements for Management-defined Performance Measures ("MPMs"), which are subtotals of income and expenses used in public communications to communicate Fund Manager's view of an aspect of the Fund's financial performance. Such measures will be required to be disclosed within a single note to the financial statements together with explanations of their purpose and reconciliations to the most directly comparable IFRS-defined totals or subtotals.

The Fund Manager is assessing whether any measures communicated externally meet the definition of Management-defined Performance Measures under IFRS 18 and may therefore require enhanced disclosures and reconciliations.

Principles of Aggregation and Disaggregation

IFRS 18 introduces enhanced requirements relating to the aggregation and disaggregation of information throughout the financial statements and accompanying notes. These requirements are intended to improve transparency by ensuring that material information is presented separately and dissimilar items are not obscured through aggregation. The Fund Manager is currently assessing whether additional disaggregation may be required for its assets, liabilities, income and expenses. The Fund Manager also expects certain line-item descriptions currently used within the financial statements to be refined to enhance clarity and consistency with the objectives of IFRS 18.

Consequential Amendments

IFRS 18 introduces consequential amendments to other IFRS, including IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. The Fund Manager is currently assessing the impact of these amendments, including potential changes to the presentation of operating cash flows and the classification of interest, dividends and other cash flow items. The Fund Manager is also evaluating the requirements relating to comparative information and retrospective application upon adoption of IFRS 18. The Fund Manager's assessment remains ongoing and additional impact may arise as implementation activities progress, industry practice evolves and additional guidance from regulators and standard setters becomes available.

18. SUBSEQUENT EVENTS

There were no significant events after the reporting period that require disclosure or adjustment in these interim condensed financial statements.

19. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund Board on Safar 23, 1448H (corresponding to August 6, 2026).