

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 2020
together with the
Independent Auditor's Report to the Unitholders

JADWA GLOBAL SUKUK FUND
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(MANAGED BY JADWA INVESTMENT COMPANY)
Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2020

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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 2020 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 2020;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2020;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2020;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2020; 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.

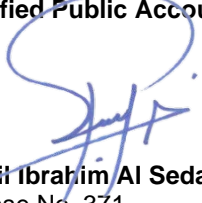
Scope of review

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 2020 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.

For KPMG Al Fozan & Partners
Certified Public Accountants


Khalil Ibrahim Al Sedais
License No. 371



Date: 5 Muharram 1442H
Corresponding to: 24 August 2020

JADWA GLOBAL SUKUK FUND
An open-ended mutual fund
(MANAGED BY JADWA INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2020
(Amounts in USD)

	<i>Notes</i>	30 June 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Cash and cash equivalents	7	801,981	4,338,802
Investments	8	25,119,249	21,265,953
Accrued commission income		239,348	182,871
Total assets		26,160,578	25,787,626
LIABILITIES			
Management fee payable	<i>1(c), 10</i>	15,566	22,853
Accrued expenses and other liabilities		6,551	10,122
Fund Board fee payable		368	754
Total liabilities		22,485	33,729
Net assets (equity) attributable to the Unitholders (USD)		26,138,093	25,753,897
Units in issuance (numbers):			
Class B		184,896.23	182,705.15
Class C		10,804.49	6,865.26
Net assets (equity) value attributable to each unit (USD):			
Class B		135.2364	136.9750
Class C		104.8995	106.0197

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

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An open-ended mutual fund
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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six-month period ended 30 June 2020
(Amounts in USD)

		For the six-month period ended 30 June	
	<i>Notes</i>	<u>2020</u>	<u>2019</u>
(Loss) / gain from investments, net	9	(731,054)	228,758
Special commission income		<u>545,854</u>	<u>679,432</u>
Total revenue		(185,200)	908,190
Management fee	1(c),10	(102,932)	(135,797)
Other operating expenses		(32,507)	(42,885)
Fund Board fee		(1,747)	(2,116)
Foreign exchange loss		(1,156)	(643)
Total operating expenses		(138,342)	(181,441)
Net (loss) / profit for the period		<u>(323,542)</u>	<u>726,749</u>
Other comprehensive income for the period		--	--
Total comprehensive (loss) / income for the period		<u>(323,542)</u>	<u>726,749</u>

The accompanying notes (1) to (15) 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 2020
(Amounts in USD)

	For the six-month period ended 30 June	
	<u>2020</u>	<u>2019</u>
Net assets (equity) attributable to the Unitholders at beginning of the period	25,753,897	42,321,906
Net (loss) / profit for the period	(323,542)	726,749
Changes from units transactions		
Proceeds from issuance of units:		
Class B	331,950	1,885,743
Class C	474,159	85,785
Total Contributions by the Unitholders	806,109	1,971,528
Payments against redemption of units:		
Class B	(32,308)	(20,874,950)
Class C	(66,063)	(3,410,273)
Total redemptions by the Unitholders	(98,371)	(24,285,223)
Net changes from units transactions	707,738	(22,313,695)
Net assets (equity) attributable to the Unitholders	<u>26,138,093</u>	<u>20,734,960</u>

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

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 2020

	<u>For the six-month period ended 30 June 2020</u>				<u>For the six-month period ended 30 June 2019</u>			
Units transactions <i>(numbers)</i>								
<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	--	182,705.15	6,865.25	189,570.40	204,596.15	164,545.27	507.55	369,648.97
Units issuance	--	2,437.01	4,556.18	6,993.19	--	14,185.94	834.94	15,020.88
Units redeemed	--	(245.93)	(616.94)	(862.87)	(204,596.15)	(25,689.75)	--	(230,285.90)
Units in issuance at end of the period	<u>--</u>	<u>184,896.23</u>	<u>10,804.49</u>	<u>195,700.72</u>	<u>--</u>	<u>153,041.46</u>	<u>1,342.49</u>	<u>154,383.95</u>

The accompanying notes (1) to (15) 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 2020
(Amounts in USD)

		For the six-month period ended 30 June	
	<i>Note</i>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities			
Net (loss) / profit for the period		(323,542)	726,749
<i>Adjustments for:</i>			
Commission income		(545,854)	(679,432)
Loss / (gain) on investments, net	9	731,054	(228,758)
		(138,342)	(181,441)
Net changes in operating assets and liabilities			
Purchase of investments		(6,434,276)	--
Proceeds from sale of investments		1,849,926	23,764,267
Management fee payable		(7,287)	(1,373)
Accrued expenses and other liabilities		(3,571)	(57)
Fund Board fee payable		(386)	2,116
Cash (used in) / generated from operations		(4,733,936)	23,583,512
Commission income received		489,377	834,685
Net cash (used in) / generated from operating activities		(4,244,559)	24,418,197
Cash flows from financing activities			
Proceeds from issue of units		806,109	1,971,528
Payment made against redemption of the units		(98,371)	(24,285,223)
Net cash generated from / (used in) financing activities		707,738	(22,313,695)
Net (decrease) / increase in cash and cash equivalents		(3,536,821)	2,104,502
Cash and cash equivalents at beginning of the period		4,338,802	236,200
Cash and cash equivalents at end of the period		801,981	2,340,702

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

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 2020
(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 has introduced Unit Class D on 24 February 2020. As of 30 June 2020, there were no investors in Unit Class D.

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 Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “amended regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The amended regulations came into effect from 6 Safar 1438 H (corresponding to 6 November 2016).
- 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 administrator and custodian of the Fund is HSBC Saudi Arabia

The Fund Manager may charge investors a subscription fee at a percentage not to exceed 1% of the subscribed amount. The subscription fee is not included in these condensed interim financial statements. Until 24 February 2020, the Fund Manager charged the Fund a management fee equal to 0.75%, 1.00% and 0.50% of the net asset (equity) value of Class A, Class B and Class C units respectively at each valuation day. Subsequent to that, the Fund Manager charges the Fund a management fee equal to 0.50%, 0.75%, 0.375% and 0.75% of the net asset (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 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 Capital Market Authority (“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 2019.

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.

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For the six-month period ended 30 June 2020
(Amounts in USD)

3. BASIS OF MEASUREMENT (CONTINUED)

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 2019. A number of new standards are effective from 1 January 2020 but they do not have a material effect on the Fund's financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 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.

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:

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For the six-month period ended 30 June 2020
(Amounts in USD)

8. INVESTMENTS (CONTINUED)

<u>Economic Sectors</u>	<u>30 June 2020</u>			<u>31 December 2019</u>		
	<u>(Unaudited)</u>			<u>(Audited)</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>
Banks	6,878,733	6,886,321	27.41	4,548,269	4,514,784	21.23
Sovereign	5,818,316	5,742,996	23.5	4,787,673	4,813,633	22.64
Real Estate	4,245,013	4,208,493	16.75	3,922,513	3,921,188	18.44
Utilities	2,691,685	2,703,786	10.76	2,691,685	2,695,181	12.67
Aviation	2,381,741	1,831,502	7.26	2,574,659	2,519,893	11.85
Investment Companies	1,830,532	1,874,900	7.15	1,333,908	1,386,824	6.52
Chemical	1,087,728	1,087,710	4.05	1,151,312	1,151,200	5.41
Multinational	517,355	524,548	2.09	--	--	--
Food	256,688	258,993	1.03	--	--	--
Health care	--	--	--	296,043	263,250	1.24
Total	25,707,791	25,119,249	100%	21,306,062	21,265,953	100.00

9. (LOSS) / GAIN ON INVESTMENTS, NET

	<u>For the six-month period ended 30 June</u>	
	<u>2020</u>	<u>2019</u>
Realised loss, net	(182,621)	(639,554)
Unrealised (loss) / gain, net	(548,433)	868,312
	(731,054)	228,758

10. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Fund Manager, the Fund Board, and other funds managed by the Fund Manager and key management personnel of 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>2020</u>	<u>2019</u>
Jadwa Investment Company	The Fund Manager	Management fee	102,932	135,797
The Fund Board	The Fund Board	The Fund Board compensation (independent member)	1,747	2,116

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

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For the six-month period ended 30 June 2020
(Amounts in USD)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balance</u>	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Jadwa Investment Company	The Fund Manager	Management fee payable	<u>15,566</u>	<u>22,853</u>
The Fund Board	The Fund Board	Fee payable to an independent member of the Fund Board	<u>368</u>	<u>754</u>

The Unitholder's account as at 30 June 2020 includes 14,104.75 units (31 December 2019: 14,104.75 units) held by the Fund Manager.

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 2020 (2019: 31 December 2019)

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: hence the Fund's assets.

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 2020
(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 recognised in the condensed interim statement of financial position. All fair value measurements below are recurring.

30 June 2020 (Unaudited)					
Financial assets at fair value	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investments	25,119,249	21,098,988	--	4,020,261	25,119,249

31 December 2019 (Audited)					
Financial assets at fair value	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investments	21,265,953	17,174,435	--	4,091,518	21,265,953

For the period / year ended 30 June 2020 and 31 December 2019 respectively, there were no transfers between levels.

For financial assets and liabilities carried at amortized cost, their carrying values are a reasonable approximation of fair value.

The following table shows a reconciliation from opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	For the six- month period ended 30 June 2020	For the year ended 31 December 2019
Balance as at beginning of the period / year	4,091,518	10,339,082
(loss) / gain recognized in the statement of comprehensive income	(71,257)	29,277
Sales of investments	--	(6,276,841)
Balance at the end of the period / year	4,020,261	4,091,518

The table below sets out information about significant unobservable inputs used as at 30 June 2019 in measuring debt instrument categorized as Level 3 in the fair value hierarchy.

Description	Fair value	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation
Sukuk	<u>4,020,261</u>	Cost of Capital	2.31%	0.50%	-0.16%
		Probability of default	0.07%	0.10%	-0.10%

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(Amounts in USD)

13. IMPACT OF COVID-19

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread globally including the Kingdom of Saudi Arabia (KSA), causing disruptions to businesses and economic activity. This event has impacted the capital markets around the world including in KSA and may continue to do in the upcoming months where potentially impacting the earnings and cashflows of the Fund. Moreover, the Government of KSA through its regulatory bodies has announced several initiatives to provide necessary relief and sustenance to the economy. As the situation is fluid and rapidly evolving, Fund Manager does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Fund. However, the Fund Manager believes that the Covid-19 pandemic has had no material impact of the Fund's reported results for the six months period ended 30 June 2020. The Fund Manager continues to monitor the situation closely and impact of this outbreak on the Fund's financial statements will be considered in the Fund's subsequent financial statements for the year ending 31 December 2020.

14. 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.

15. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorized for issue by the Fund Manager on 4 Muharram 1442H (corresponding to 23 August 2020).