

BB Global Sukuk Income Fund

**Financial Statements and
Independent Auditor's Report
for the year ended 31 December 2024**

BB Global Sukuk Income Fund

Financial Statements and Independent Auditor's Report

31 December 2024

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INDEPENDENT AUDITOR'S REPORT

**To the Directors of BB Global Sukuk Income Fund
Cayman Islands**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BB Global Sukuk Income Fund (the “Fund”), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in net assets attributable to holders of participating shares and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, and its financial performance, changes in its net assets attributable to holders of participating shares and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management 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, management 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 ISAs, we exercise professional judgement and maintain professional skepticism 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 controls.
- 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's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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, 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.

Deloitte & Touche LLP

26 June 2025

BB Global Sukuk Income Fund

Management and Administration

For the year ended 31 December 2024

Directors	Bashar Jallad Haithem Al Katerji
Registered Office	PO Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
Investment Manager	The First Investor Q.S.C.C. 16th Floor, Dukhan Bank H.Q. Building 19, Zone 69, Street 301, Lusail P.O. Box 16034 State of Qatar
Investment Advisor	Dukhan Bank Q.S.C. Dukhan Bank H.Q. Building 19, Zone 69, Street 301, Lusail P.O. Box 27778 State of Qatar

BB Global Sukuk Income Fund

Management and Administration (continued)

For the year ended 31 December 2024

Shari'ah Advisor	Bait Al-Mashura Finance Consultations Financial Square Building C Ring Road Doha, Qatar
Custodian	Credit Suisse AG Paradeplatz 8 CH-8001 Zurich Switzerland
Administrator	Maples Fund Services (Cayman) Limited PO Box 1093 Boundary Hall, Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Legal Advisors to the Fund as to Cayman Islands Law	Maples and Calder (Dubai) LLP Level 14 Burj Daman Dubai International Financial Centre Fifth Floor P.O. Box 119980 Dubai, United Arab Emirates
Legal Advisors to the Fund	King and Spalding LLP Dubai International Financial Centre Al Fattan Currency House, Tower 2, Level 24 PO Box 506547 Dubai, United Arab Emirates
Independent Auditor	Deloitte & Touche LLP 60 Nexus Way, 8th floor, Camana Bay PO Box 1787 Grand Cayman KY1-1109 Cayman Islands

BB Global Sukuk Income Fund

Statement of Financial Position

31 December 2024

	Notes	2024 \$	2023 \$
Assets			
Investment securities	6	123,883,422	131,284,411
Due a from broker	7	206,586	—
Profit receivables	8	2,199,741	1,834,264
Prepayments		7,743	7,699
Cash and cash equivalents	9	41,265	227,686
Total assets		126,338,757	133,354,060
Liabilities			
Murabaha Agreements	10	—	3,335,000
Management fees payable	12.1	317,242	331,290
Due to a related party	12.3	670,581	637,294
Profit payable	10	—	2,663
Redemptions payable		11,113	62,129
Dividend payable	17	4,436	—
Performance fees payable	12.2	3,155	3,155
Other payables and accrued expenses		52,690	48,174
Bank overdraft	9	—	140
Total liabilities		1,059,217	4,419,845
Net assets attributable to holders of participating shares	11	125,279,540	128,934,215
Total liabilities and equity		126,338,757	133,354,060
Number of participating shares in issue (shares)	11	128,584	134,039

These financial statements were approved and authorized to issue by the Directors and were signed on its behalf by:



Haithem Al Katerji
The Director
BB Global Sukuk Income Fund

THE ACCOMPANYING NOTES ARE INTEGRAL PARTS OF THESE FINANCIAL STATEMENTS.



BB Global Sukuk Income Fund

Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 \$	2023 \$
Investment income			
Profit income	13	7,528,173	8,247,409
Other income		92	5,194
Net realised loss on investment securities		(2,592,985)	(957,181)
Total investment income		4,935,280	7,295,422
Expenses			
Profit expenses	10	12,716	280,306
Management fees	12.1	1,268,854	1,344,443
Performance fees	12.2	–	9
Administration fees	14	109,443	110,354
Professional fees		31,095	33,726
Other expenses		166,103	182,813
Total expenses		1,588,211	1,951,651
Profit for the year		3,347,069	5,343,771
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Net change in unrealised gain on investment securities	6	4,459,644	3,350,373
Net increase in net assets attributable to holders of participating shares resulting from operations		7,806,713	8,694,144

THE ACCOMPANYING NOTES ARE INTEGRAL PARTS OF THESE FINANCIAL STATEMENTS.

BB Global Sukuk Income Fund

Statement of Changes in Net Assets Attributable to Holders of Participating Shares

For the year ended 31 December 2024

	2024	2023
	\$	\$
Net assets attributable to holders of participating shares, beginning of the year	128,934,215	132,768,388
Subscriptions of redeemable participating shares	466,000	464,000
Redemptions of redeemable participating shares	(5,725,397)	(6,459,944)
Dividends distribution (note 17)	(6,201,991)	(6,532,373)
Net increase in net assets attributable to holders of participating shares resulting from operations	7,806,713	8,694,144
Net assets attributable to holders of participating shares, end of the year	125,279,540	128,934,215

THE ACCOMPANYING NOTES ARE INTEGRAL PARTS OF THESE FINANCIAL STATEMENTS.

BB Global Sukuk Income Fund

Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Net increase in net assets attributable to holders of participating shares resulting from operations		7,806,713	8,694,144
Adjustment for:			
Net realised loss on investment securities		2,592,985	957,181
Net change in unrealised gains on investment securities	6	(4,459,644)	(3,350,373)
		<u>5,940,054</u>	<u>6,300,952</u>
Changes in working capital:			
Investment securities		9,267,648	9,810,535
Due from a broker		(206,586)	204,938
Profit receivables		(365,477)	157,879
Prepayments		(44)	(652)
Murabaha Agreements		(3,335,000)	(3,415,000)
Management fees payable		(14,048)	(439,937)
Due to a related party		33,287	36,939
Other payables and accrued expenses		4,516	2,371
Profit payable		(2,663)	(7,174)
Movement in redemptions payable		(51,016)	37,060
Performance fees payable		–	9
Net cash flows generated from operating activities		<u>11,270,671</u>	<u>12,687,920</u>
Cash flows from financing activities			
Proceeds from subscriptions of redeemable participating shares		466,000	464,000
Payments for redemptions of redeemable participating shares		(5,725,397)	(6,459,944)
Dividend paid	17	(6,197,555)	(6,532,373)
Net cash flows used in financing activities		<u>(11,456,952)</u>	<u>(12,528,317)</u>
Net (decrease) / increase in cash and cash equivalents		(186,281)	159,603
Cash and cash equivalents at beginning of year		<u>227,546</u>	<u>67,943</u>
Cash and cash equivalents at end of year	9	<u>41,265</u>	<u>227,546</u>

THE ACCOMPANYING NOTES ARE INTEGRAL PARTS OF THESE FINANCIAL STATEMENTS.

BB Global Sukuk Income Fund

Notes to the Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

BB Global Sukuk Income Fund (the “Fund”), a Cayman Islands exempt company, was incorporated on 12 April 2017 and commenced operations on 22 May 2017. The Fund is registered under the Mutual Funds Act of the Cayman Islands.

The principal purpose of the Fund is to provide investors with income by investing in Shari’ah-compliant sukuk and sukuk-related securities. The Fund may maintain assets in cash, deposit or call accounts or invested in bonds and short-term instruments, such as commercial paper and certificates of deposits, to fund its operations and/or to fund redemption proceeds or for such other reasons as may be determined by the investment manager.

The Fund is managed by The First Investor Q.S.C.C. (the “Investment Manager”) and Dukhan Bank Q.S.C (the “Investment Advisor”). Maples Fund Services (Cayman) Limited acts as the administrator of the Fund (the “Administrator”). The Fund had no employees as of 31 December 2024 and 2023. The registered office of the Fund is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

All references to “Net Assets” and “Investment securities” in these financial statements are referring to net assets attributable to holders of redeemable participating shares and government and corporate bonds carried at fair value through profit or loss concurrently.

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS Accounting Standards recently issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations effective as of 1 January 2024:

2.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Fund has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Presentation of Financial Statements – Non-Current Liabilities with Covenants
- Amendments to IAS 7: Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements
- Amendments to IFRS 16: Leases – Lease Liability in a Sale and Leaseback

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted

The Fund has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

<i>Topic</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	1 January 2025. Earlier application is permitted
Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026. Earlier application is permitted
IFRS 18 : Presentation and Disclosures in Financial Statement	1 January 2027. Earlier application is permitted
IFRS 19 : Subsidiaries without Public Accountability: Disclosures	1 January 2027. Earlier application is permitted

Management anticipates that these new standards, interpretations and amendments will be adopted in the Fund's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments as highlighted in previous paragraphs, may have no material impact on the financial statements of the Fund in the period of initial application.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

3.2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for Investment securities, which are measured at fair value.

3.3. Foreign currency translation

i. Presentational and functional currency

These financial statements are presented in United States dollars (“\$”), which is the Fund’s presentational currency.

Functional currency is the currency of the primary economic environment in which the Fund operates. The majority of the Fund’s investments and transactions are denominated in United States dollars. Investor subscriptions and redemptions are determined based on net asset value, and received and paid in United States dollars. The majority of the expenses (including management fees, custodian fees and administration fees) are denominated and paid in United States dollars. Accordingly, management has determined that the functional currency of the Fund is United States dollars.

ii. Transactions and balances

Transactions in foreign currencies are translated into United States dollars at the exchange rate at the dates of the transactions. Foreign currency assets and liabilities are translated into United States dollars using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within net realised gain (loss) on foreign currency transactions. Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within net realised gain (loss) or net change in unrealised gains and losses on financial assets and liabilities.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

3.4. Financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Fund may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Fund may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (sec (iii) below)
- The Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (sec (iv) below)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial assets (continued)

(i) Amortised cost and effective interest method (continued)

For purchased or originated credit-impaired financial assets, the Fund recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "profit income" line item.

(ii) Debt instruments classified as at FVTOCI

The bonds held by the Fund are classified as at FVTOCI. The bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bonds had been measured at amortised cost. All other changes in the carrying amount of these bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Fund may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'dividend income' line item in profit or loss.

The Fund designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition. A financial asset is held for trading if either:

- It has been acquired principally for the purpose of selling it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial assets (continued)

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Fund designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income' line item.
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other income' line item. As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserve.
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income' line item as part of the fair value gain or loss.
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, due from broker, profit receivable and bank balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund always recognises lifetime ECL for due from broker, investment securities and profit receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- An actual or expected significant deterioration in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

The Fund considers a financial asset to have low credit risk when the asset has external credit rating of investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Fund becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Fund considers the changes in the risk that the specified debtor will default on the contract.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full (without taking into account any collateral held by the Fund) Irrespective of the above analysis, the Fund considers that default has occurred when a financial asset is more than 90 days past due unless the Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event (see (ii) above);
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Fund fully provide for or writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings,. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in separate profit or loss.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Fund's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Fund is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Fund expects to receive from the holder, the debtor or any other party.

If the Fund has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Fund measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position

Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs. Repurchase of the Fund's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Fund's own equity instruments.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Fund, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if either:

- It has been acquired principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument
- A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item in profit or loss.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Fund that are designated by the Fund as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above)
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above

Foreign exchange gain and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4. Financial instruments (continued)

Financial liabilities (continued)

Foreign exchange gain and losses (continued)

For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Fund exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Fund accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

3.5 Cash and cash equivalents

Cash and cash equivalents include short term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are held for meeting short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions.

For the purpose of the cash flows statement, cash and cash equivalents consist of bank balances and bank overdraft.

3.6 Due from and due to brokers

Due from and due to brokers includes cash balances held with brokers, receivables and payables from unsettled trades, margin borrowings, and collateral on derivative transactions. Amounts due from broker may be restricted to the extent that they serve as deposits for securities sold short.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Redeemable participating shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as equity in the statement of financial position. The corresponding distribution on these non-voting redeemable participating shares is recognised as dividend.

3.8 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the Fund or counter party. The Fund has presented financial assets and liabilities on a gross basis, as the Fund does not have a master netting agreement.

3.9 Profit income and expense recognition on financing instruments

Profit income and expense on financing is recognised in the statement of comprehensive income for all profit bearing financing instruments, using the effective profit method.

The effective profit method is a method of calculating the amortised cost of a financing asset or liability and of allocating the income and expense from financing. The effective profit rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financing asset or liability.

3.10 Taxation

The Fund is exempt from all forms of taxation in Cayman Islands. However, in some jurisdictions, dividend income, profit income and capital gains are subject to withholding tax deducted from the source of income. The Fund presents withholding tax separately from the dividend income, profit income and investment income in the statement of comprehensive income if any.

3.11 Other receivables

Other receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful receivables is made when collection of the full amount is no longer probable.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Payables and accrued expenses

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.13 Related parties

A party is considered to be related to the Fund if:

(i) the party is a person or a close member of that person's family and that person

- has control or joint control over the Fund;
- has significant influence over the Fund; or
- is a member of the key management personnel of the Fund or of a parent of the Fund; or

(ii) the party is an entity where any of the following conditions applies:

- the entity and the Fund are members of the same group;
- one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- the entity and the Fund are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Fund or an entity related to the Fund;
- the entity is controlled or jointly controlled by a person identified in (i); and
- a person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3.14 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in compliance with IFRS Accounting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements

In the process of applying the Fund's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Fund determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Fund monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Fund's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Management decided that all of its investments in corporate and government bonds to be measured at fair value through other comprehensive income based on its business model.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Fund takes into account qualitative and quantitative reasonable and supportable forward looking information. Management believes that such assessment was performed appropriately over the bank balance and other receivable.

Going concern

The Fund's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue the business for foreseeable future. Furthermore, Management 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 financial statements is continued to be prepared on the going concern basis.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Calculation of loss allowance

When measuring ECL the Fund uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Fund uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Considering the above, the Fund assessed that no expected credit losses to be recognized for financial assets as of 31 December 2024 and 2023.

Fair value measurements

Some of the Fund's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Fund uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Fund has designated policies and procedures to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 5.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

5. 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 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

The determination of what constitutes "observable" requires significant judgment by the Investment Manager. Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. 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 determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

5. FAIR VALUE MEASUREMENT (CONTINUED)

The following table summarises the valuation of the Fund's investments within the fair value hierarchy levels at 31 December 2024:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investment securities				
Corporate bonds	–	98,581,451	–	98,581,451
Government bonds	–	25,301,971	–	25,301,971
	–	123,883,422	–	123,883,422

The following table summarises the valuation of the Fund's investments within the fair value hierarchy levels at 31 December 2023:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investment securities				
Corporate bonds	–	106,843,074	–	106,843,074
Government bonds	–	24,441,337	–	24,441,337
	–	131,284,411	–	131,284,411

There were no transfers between levels for the years ended 31 December 2024 and 2023.

6. INVESTMENT SECURITIES

Investment securities at fair value through other comprehensive income:

	2024	2023
	\$	\$
Corporate bonds	98,581,451	106,843,074
Government bonds	25,301,971	24,441,337
Total investment securities	123,883,422	131,284,411

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

6. INVESTMENT SECURITIES (CONTINUED)

The movement of the investment securities are as follows:

	2024	2023
	\$	\$
At 1 January	131,284,411	138,701,754
Additions during the year	67,869,396	18,898,526
Disposals during the year	(79,730,029)	(29,666,242)
Fair value changes during the year	4,459,644	3,350,373
At 31 December	123,883,422	131,284,411

7. DUE FROM A BROKER

	2024	2023
	\$	\$
Due from broker		
Balance held with broker – Credit Suisse AG	206,586	—
Total due from broker	206,586	—

8. PROFIT RECEIVABLES

The movement of the profit receivables is as follows:

	2024	2023
	\$	\$
At 1 January	1,834,264	1,992,143
Profit income accrued during the year (note 13)	7,528,173	8,247,409
Profit income received during the year	(7,162,696)	(8,405,288)
At 31 December	2,199,741	1,834,264

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

9. CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise as follows:

	2024	2023
	\$	\$
Bank balances	41,265	227,686
Bank overdraft	—	(140)
Total cash and cash equivalents	41,265	227,546

Balances with banks are assessed to have low credit risk of default since these banks are mainly highly regulated by the central banks of respective countries. Accordingly, the management of the Fund estimates the loss allowance on balances with bank at the end of the reporting period at an amount equal to 12 month expected credit losses (ECL). None of the balances with bank at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Fund have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

10. MURABAHA AGREEMENTS

During the years ended 31 December 2024 and 2023, the Fund entered into reverse Murabaha financing agreements (collectively the “Murabaha Agreements”) with Credit Suisse AG for the purchase of palladium metal.

	2024	2023
	\$	\$
Murabaha Agreements	—	3,335,000

The Murabaha Agreements are measured at amortised cost using effective profit rate with profit payable of **\$Nil** (2023: \$2,663) recognized in the statement of financial position and profit expense of **\$12,716** (2023: \$280,306) recognized in statement of comprehensive income. During the years ended 31 December 2024 and 2023, there has been a net decrease in Murabaha Agreement of **\$3,335,000** (2023: \$3,415,000).

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

11. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES

The authorised share capital of the Fund is as follows:

	2024	2023
	\$	\$
100 management shares of par value \$0.01 each	1	1
4,999,900 redeemable participating shares of par value \$0.01 each	49,999	49,999
	50,000	50,000

Redeemable participating shares have a minimum investment of \$100,000 and a minimum additional subscription of \$10,000 or such lesser amount as the Directors may determine. The redeemable participating shares are entitled to all benefits of, and bear all the risk of, the Fund's investments in accordance with their terms. The redeemable participating shares have no voting rights as to the management of the Fund. Holders of redeemable participating shares are not entitled to vote. Management shares are held by the Investment Manager. The management shares are non-redeemable, non-participating, are classified as equity and are presented in note form only in these financial statements. The management shares carry no right to dividends and on a winding up rank only for the return of the capital paid up thereon after the return of the capital paid up on the redeemable participating shares. The management shares have the right to vote on all matters. The redeemable participating shares carry an equal right to dividends and other distributions as the directors may declare. Upon winding up, the holders are entitled to a return of capital based on the net assets value per share of the Fund. Redeemable participating shares may not be redeemed within 6 months of the date on which such redeemable participating shares were originally issued. The lock up period may be waived by the Investment Manager in its sole discretion either generally or in any particular case. Subsequently, shares can be redeemable at the option of the shareholder on first business day of each month. A completed redemption request must be received by the Administrator at least 7 business days (or such lesser period as the Directors may generally or in any particular case permit) prior to the relevant redemption day.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

11. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES (CONTINUED)

For the year ended 31 December 2024, the number of redeemable participating shares outstanding which were issued and redeemed were as follows:

31 December 2024	Number of shares, beginning of year	Issued	Redeemed	Roll ups	Number of shares, end of year
Initial Series	117,515	—	(4,946)	—	112,569
Series 31	112	—	—	—	112
Series 32	200	—	(200)	—	—
Series 33	203	—	(203)	—	—
Series 34	227	—	—	—	227
Series 35	104	—	(104)	—	—
Series 36	213	—	—	—	213
Series 37	389	—	(106)	—	283
Series 38	104	—	—	—	104
Series 39	14,582	—	—	—	14,582
Series 40	117	—	—	—	117
Series 41	145	—	—	—	145
Series 42	107	—	(107)	—	—
Series 43	21	—	—	—	21
Series 44	—	492	(281)	—	211
	134,039	492	(5,947)	—	128,584

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

11. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES (CONTINUED)

For the year ended 31 December 2023, the number of redeemable participating shares outstanding which were issued and redeemed were as follows:

31 December 2023	Number of shares, beginning of year	Issued	Redeemed	Transfer in/ (Transfer out)	Roll ups	Number of shares, end of year
Initial Series	138,642	—	(6,633)	(14,494)	—	117,515
Series 31	112	—	—	—	—	112
Series 32	450	—	(250)	—	—	200
Series 33	203	—	—	—	—	203
Series 34	227	—	—	—	—	227
Series 35	104	—	—	—	—	104
Series 36	213	—	—	—	—	213
Series 37	389	—	—	—	—	389
Series 38	—	104	—	—	—	104
Series 39	—	88	—	14,494	—	14,582
Series 40	—	117	—	—	—	117
Series 41	—	145	—	—	—	145
Series 42	—	107	—	—	—	107
Series 43	—	21	—	—	—	21
	140,340	582	(6,883)	—	—	134,039

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

11. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES (CONTINUED)

As at 31 December 2024 and 2023, the net asset value per share of each issued Class, calculated in accordance with the Fund's private placement memorandum, was as follows.

	2024 Net asset value per share \$	2023 Net asset value per share \$
Initial Series	975.03	962.57
Series 31	975.04	962.57
Series 32	—	962.57
Series 33	—	962.57
Series 34	975.04	962.57
Series 35	—	962.57
Series 36	975.03	962.57
Series 37	975.04	962.57
Series 38	975.04	962.57
Series 39	968.52	956.45
Series 40	975.04	962.57
Series 41	975.04	962.57
Series 42	—	962.57
Series 43	974.59	962.15
Series 44	974.59	—

In accordance with the provision of the Fund's private placement memorandum, the organisation expenses (including legal, accounting, and other professional fees and expenses) incidental to the establishment of the Fund will be paid out of the assets of the Fund and amortised over the first 60 months.

However, the accounting policy of the Fund, and for reporting purposes, is to expense the expenditure incurred in the formation of the Fund in the period in which they arose. The unamortised organisation costs as at 31 December 2024 in accordance with the provision of the Fund's private placement memorandum were \$Nil (2023: \$Nil).

	2024 \$	2023 \$
Net assets (valued in accordance with the private placement memorandum)	125,279,540	128,934,215
Net assets (valued in accordance with IFRS Accounting Standards)	125,279,540	128,934,215

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

12. RELATED PARTIES TRANSACTIONS

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the Fund, and entities controlled, jointly controlled or significantly influenced by such parties.

Related parties represent the Investment Manager. Transactions with related parties includes the management fees and Performance fees.

12.1 Management fees

Under the terms of the investment management agreement, the Fund pays an annual management fee, payable monthly in arrears, to the Investment Manager. The management fee is charged at 1% of the invested capital.

	Relationship	2024 \$	2023 \$
Management fees payable			
The First Investor Q.S.C.	Investment Manager	317,242	331,290

For the year ended 31 December 2024, the management fee charged to the Fund was **\$1,268,854** (2023: \$1,344,443), of which **\$317,242** (2023: \$331,290) was payable at 31 December 2024.

12.2. Performance fees

The Fund shall pay the Investment Manager a performance fee, calculated on a share-by-share basis. The performance fee will be an amount equal to 10% of the increase, if any, in the net asset value of the relevant series, above the higher of the High Water Mark and the Hurdle of 10% per annum for the relevant performance period. The performance fee will be calculated by reference to the net asset value before deduction for any accrued performance fee.

The “High Water Mark” of each series of redeemable participating share in respect of each performance period will be the greater of the net asset value at the date of issue and the highest net asset value achieved at the end of the previous performance period that a performance fee was paid.

The “Hurdle” of each series of redeemable participating share in respect of each performance period will be an amount equal to the net asset value of the series at the final valuation day in the previous performance period increased by 10% per annum.

	Relationship	2024 \$	2023 \$
Performance fees payable			
The First Investor Q.S.C.	Investment Manager	3,155	3,155

For the year ended 31 December 2024, the performance fee charged to the Fund was **\$Nil** (2023: \$9).

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

12. RELATED PARTIES TRANSACTIONS (CONTINUED)

12.3 Due to a related party

		2024	2023
	Relationship	\$	\$
The First Investor Q.S.C.	Investment Manager	670,581	637,294
Total		670,581	637,294

The Fund has amounts payable to the Investment Manager as at 31 December 2024 of **\$670,581** (2023: \$637,294) for expenses paid on behalf of the Fund.

13. PROFIT INCOME

Profit income from investment securities at fair value through other comprehensive income are as follows:

	2024	2023
	\$	\$
Interest Income - corporate bonds	5,431,287	6,661,339
Interest Income - government bonds	2,096,886	1,586,070
Total profit income	7,528,173	8,247,409

14. ADMINISTRATION FEES

Administrator fees are subject to a minimum rate and are accrued and calculated as at each month end and payable quarterly in arrears. The administrator may be requested to perform other ad hoc services on a fee for service basis.

The administration fee for the year ended 31 December 2024 was **\$109,443** (2023: \$110,354), of which **\$30,409** (2023: \$33,769) was payable at 31 December 2024. The administration fees payable is included in "Other payables and accrued expenses".

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT

The Fund is exposed to market risk (including market price risk, profit rate risk and currency risk), credit risk and liquidity risk arising from the financial instruments it holds. The risks and risk management policies employed by the Fund to manage these risks are discussed below.

15.1 Market risk

i. Market price risk

Market risk is the risk that the value of financial assets will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market.

The Investment Manager will analyse the risk of individual assets and evaluate the market risk through its daily operation, by reviewing the latest development of financial markets and the release of economic data.

The Fund's overall exposures to financial asset values are monitored on a daily basis by the Investment Manager.

The table below analyses the fair value of the Fund's financial assets carried at fair value through other comprehensive income by country at 31 December 2024 and 2023:

	2024	2023
	Fair Value	Fair Value
	\$	\$
Financial assets at fair value through other comprehensive income		
Cayman Islands	65,990,492	49,001,570
Turkey	18,111,972	25,517,125
United Arab Emirates	15,487,975	19,778,683
Kuwait	4,787,350	14,435,350
Oman	10,676,703	12,125,100
Pakistan	1,382,955	3,073,439
Bahrain	3,531,885	—
Egypt	3,114,450	2,949,570
Qatar	—	2,612,192
Maldives	799,640	1,791,382
Total	123,883,422	131,284,411

The net exposure to market price risk is \$123,883,422 (2023: \$131,284,411). Consequently, an increase or decrease of 5% in market price across all instruments in the portfolio would result in an increase or decrease of \$6,194,171 (2023: \$6,564,221) in the Fund's Net Assets.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15.1 Market risk (continued)

ii. Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market profit rates.

The Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of profit rates on its financial position and cash flows.

The following table sets out the profit rate risk profile of the Fund as at 31 December 2024:

	Profit bearing \$	Non-profit bearing \$	Total \$
Assets			
Investment securities	123,883,422	–	123,883,422
Bank balances	--	41,265	41,265
Due from broker	--	206,586	206,586
Profit receivable	2,199,741	–	2,199,741
Prepayments	–	7,743	7,743
Total assets	126,083,163	255,594	126,338,757
Liabilities			
Management fees payable	–	317,242	317,242
Due to a related party	–	670,581	670,581
Redemptions payable	–	11,113	11,113
Dividend payable	–	4,436	4,436
Other payables and accrued expenses	–	52,690	52,690
Performance fees payable	–	3,155	3,155
Total liabilities	–	1,059,217	1,059,217
Total profit rate gap	126,083,163		

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15.1 Market risk (continued)

ii. Profit rate risk (continued)

The following table sets out the profit rate risk profile of the Fund as at 31 December 2023:

	Profit bearing \$	Non-profit bearing \$	Total \$
Assets			
Investment securities	131,284,411	—	131,284,411
Bank balances	227,686	—	227,686
Profit receivable	—	1,834,264	1,834,264
Prepayments	—	7,699	7,699
Total assets	131,512,097	1,841,963	133,354,060
Liabilities			
Murabaha Agreements	3,335,000	—	3,335,000
Bank overdraft	140	—	140
Management fees payable	—	331,290	331,290
Due to a related party	—	637,294	637,294
Redemptions payable	—	62,129	62,129
Profit payable	—	2,663	2,663
Other payables and accrued expenses	—	48,174	48,174
Performance fees payable	—	3,155	3,155
Total liabilities	3,335,140	1,084,705	4,419,845
Total profit rate gap	128,176,957		

The total profit rate gap is \$126,083,163 (2023: \$128,176,957). Consequently, an increase or decrease of 1% in profit rates, with all other variables held constant, would result in an increase or decrease of \$1,239,247 (2023: \$1,281,770) in the Fund's Net Assets.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15.1 Market risk (continued)

iii. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund may be exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than its functional currency.

As at 31 December 2024 and 2023, the Fund did not hold any financial assets or financial liabilities denominated in currencies other than its functional currency. Consequently, the Fund is not directly exposed to risks associated with fluctuating exchange rates.

15.2. 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 is exposed to liquidity risk as the positions in which the Fund invests may not be able to get liquidated quickly without negatively affecting the share prices. It is the Investment Manager's policy to maintain conservative levels of liquidity to ensure the Fund has the ability to meet its obligations as they fall due.

The table below summarises the maturity profile of the Fund's financial assets and liabilities at 31 December 2024 based on contractual undiscounted payments.

	Less than 3 months \$	3 - 12 months \$	More than 1 year \$	Total \$
Assets				
Investment securities	1,786,140	3,531,885	118,565,397	123,883,422
Bank balances	41,265	—	—	41,265
Profit receivable	2,199,741	—	—	2,199,741
	4,027,146	3,531,885	118,565,397	126,124,428
Liabilities				
Management fees payable	317,242	—	—	317,242
Due to a related party	670,581	—	—	670,581
Redemptions payable	11,113	—	—	11,113
Other payables and accrued expenses	52,690	—	—	52,690
Distributions payable	4,436	—	—	4,436
Performance fees payable	3,155	—	—	3,155
	1,059,217	—	—	1,059,217

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15.2 Liquidity risk (continued)

The table below summarises the maturity profile of the Fund's financial assets and liabilities at 31 December 2023 based on contractual undiscounted payments.

	Less than 3 months \$	3 - 12 months \$	More than 1 year \$	Total \$
Assets				
Investment securities	4,610,512	7,944,300	118,729,599	131,284,411
Bank balances	227,686	—	—	227,686
Profit receivable	1,834,264	—	—	1,834,264
	6,672,462	7,944,300	118,729,599	133,346,361
Liabilities				
Murabaha Agreements	3,335,000	—	—	3,335,000
Bank overdraft	140	—	—	140
Management fees payable	331,290	—	—	331,290
Due to a related party	637,294	—	—	637,294
Redemptions payable	62,129	—	—	62,129
Profit payable	2,663	—	—	2,663
Other payables and accrued expenses	48,174	—	—	48,174
Performance fees payable	3,155	—	—	3,155
	4,419,845	—	—	4,419,845

15.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit exposures arise principally on cash and cash equivalents at banks, investment securities, profit receivables and due from broker. The Fund measures credit risk and expected credit losses using the probability of default, exposure at default and loss given default. The Fund minimises its exposure to credit risk by conducting transactions with established, reputable brokers. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The probability of default is considered close to zero since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received from the broker. If either party fails to meet their obligation, the trade will fail. As a result no loss allowance has been recognised based on 12-month expected credit losses as any impairment would be considered insignificant to the Fund.

The tables below detail the credit quality of the Fund's financial assets as well as the Fund's maximum exposure to credit risk by credit risk rating grades.

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15.3 Credit risk (continued)

The Fund's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Fund has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Fund's financial assets as well as the Fund's maximum exposure to credit risk by credit risk rating grades.

31 December 2024	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					\$	\$	\$
Bank balances	9	AA-	N/A	12-month	41,265	--	41,265
Due from broker	7	N/A	N/A	Lifetime ECL	206,586	--	206,586
Profit receivables	8	N/A	N/A	12-month	2,199,741	--	2,199,741
Investment securities	6	N/A	N/A	12-month	123,883,422	--	123,883,422
31 December 2023	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					\$	\$	\$
Bank balances	9	AA-	N/A	12-month	227,686	--	227,686
Profit receivables	8	N/A	N/A	12-month	1,834,264	--	1,834,264
Investment securities	6	N/A	N/A	12-month	131,284,411	--	131,284,411

BB Global Sukuk Income Fund

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

Operational risks arise from all of the Fund's activities. 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 investors.

15.5 Capital risk management

The capital of the Fund is represented by the Net Assets. The amount of Net Assets can change significantly on a monthly basis, as the Fund is subject to monthly subscriptions and redemptions. In accordance with the risk management policies, the Fund endeavors to invest its capital in appropriate investments whilst maintaining sufficient liquidity to meet redemption requests.

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's constitution.

16. INCOME TAX

The Fund is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Fund. As a result, no provision for Cayman Islands' taxes has been made in the financial statements.

Overseas withholding taxes may be charged on certain investment income and capital gains of the Fund. No withholding taxes have been incurred or paid during the years ended 31 December 2024 and 2023.

17. DIVIDEND DISTRIBUTION

On 07 Feb 2024 and 12 August 2024, the board of Directors approved the distribution of dividends amounting to USD 6,201,991, equivalent to USD 23 and 24 per participating share, respectively (2023: USD 6,532,373, equivalent to USD 23 and 24 per participating share). In relation to these dividend distributions, the amount paid was USD 6,197,555 (2023 : USD 6,532,373) and the remaining balance amounting to USD 4,436 (2023: nil) recognized as a dividend payable.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the directors of the Fund on 26 June 2025.