

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait**

**Independent auditor's review report and condensed interim
financial information (unaudited) for the nine-month period
ended 30 September 2024**

Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait

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Independent auditor's report on review of condensed interim financial information

The Fund Manager

Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)

State of Kuwait

Introduction

We have reviewed the accompanying 30 September 2024 condensed interim financial information of Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund) (the "Fund") for the nine-month period ended 30 September 2024, which comprises the condensed interim statement of financial position as at 30 September 2024, the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, the condensed interim statements of changes in unit holders' fund and cash flows for the nine-month period then ended, and notes to the condensed interim financial information. Management of the Fund Manager is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2024 condensed interim financial information for the nine-month period ended 30 September 2024 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.



Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the condensed interim financial information is in agreement with the books of account of the Fund. We further report that, nothing has come to our attention that causes us to believe that there were any violations of the provisions of Law No. 7 of 2010, as amended, pertaining to the establishment of the Capital Markets Authority and the regulation of securities activity, or of the Fund's Articles of Association, as amended, during the nine-month period ended 30 September 2024 that might have had a material effect on the business of the Fund or on its financial position.

Safi A. Al-Mutawa
License No. 138
of KPMG Al-Qenae & Partners
Member firm of KPMG International

Kuwait: 20 October 2024

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait**

**Condensed interim statement of financial position (unaudited)
as at 30 September 2024**

	Notes	30 September 2024 USD (unaudited)	31 December 2023 USD (audited)	30 September 2023 USD (unaudited)
Assets				
Cash and cash equivalents	5	1,975,413	3,757,802	1,181,337
Investments at fair value through profit or loss	6	48,367,356	37,413,821	35,936,141
Other receivables		61,298	12,041	21,480
Total assets		50,404,067	41,183,664	37,138,958
Liabilities				
Other liabilities	7	632,087	1,676,311	387,536
Total liabilities		632,087	1,676,311	387,536
Net assets attributable to holders of redeemable units		49,771,980	39,507,353	36,751,422
Represented by:				
Unitholders' contributions	8	27,392,310	21,888,380	21,706,510
Unit premium / (deficit)	8	2,918,280	(1,615,168)	(1,905,949)
Retained earnings		19,461,390	19,234,141	16,950,861
Total		49,771,980	39,507,353	36,751,422
Outstanding number of redeemable units	8	2,739,231	2,188,838	2,170,651
Net Asset Value ("NAV") per unit	9	18.1701	18.0495	16.9311

The accompanying notes form an integral part of this condensed interim financial information.



Watani Investment Company K.S.C.C.
In its capacity as Fund Manager



Gulf Custody Company K.S.C.C.
In its capacity as Investment Controller




Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait

Condensed interim statement of profit or loss and other comprehensive income (unaudited)
for the three-month and nine-month periods ended 30 September 2024

	Notes	Three-month period ended		Nine-month period ended	
		30 September		30 September	
		2024	2023	2024	2023
		USD	USD	USD	USD
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income					
Unrealised gain / (loss) on investments at fair value through profit or loss, net		2,601,968	(563,829)	1,100,799	1,098,010
Realised loss on investments at fair value through profit or loss, net		(681,162)	(1,716)	(501,318)	(7,520)
Dividend income		596,313	364,190	1,661,548	1,201,246
Interest income		7	19	125	43
		2,517,126	(201,336)	2,261,154	2,291,779
Expenses					
Management fees	10	(183,681)	(144,320)	(524,748)	(422,559)
Custodian and investment controller fees	11	(15,308)	(12,028)	(43,730)	(35,214)
Incentive fees	11	-	(21,594)	-	(155,218)
Foreign exchange gain / (loss)		6,208	(34,402)	(104,073)	(41,747)
Other operating expenses		(26,424)	(21,880)	(63,354)	(50,120)
		(219,205)	(234,224)	(735,905)	(704,858)
Profit / (loss) for the period		2,297,921	(435,560)	1,525,249	1,586,921
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		2,297,921	(435,560)	1,525,249	1,586,921

The accompanying notes form an integral part of this condensed interim financial information.

Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait

Condensed interim statement of changes in unit holders' fund (unaudited)
for the nine-month period ended 30 September 2024

	Outstanding number of redeemable units	Unitholders' contributions USD	Unit premium / (deficit) USD	Retained earnings USD	Total USD
Balance at 1 January 2024 (audited)	2,188,838	21,888,380	(1,615,168)	19,234,141	39,507,353
Net profit and total comprehensive income for the period	-	-	-	1,525,249	1,525,249
Dividend paid (note 8)	-	-	-	(1,298,000)	(1,298,000)
Subscription of redeemable units	608,579	6,085,790	4,980,430	-	11,066,220
Redemption of redeemable units	(58,186)	(581,860)	(446,982)	-	(1,028,842)
Balance at 30 September 2024 (unaudited)	<u>2,739,231</u>	<u>27,392,310</u>	<u>2,918,280</u>	<u>19,461,390</u>	<u>49,771,980</u>
Balance at 1 January 2023 (audited)	2,193,801	21,938,010	(1,763,301)	16,514,461	36,689,170
Net profit and total comprehensive income for the period	-	-	-	1,586,921	1,586,921
Dividend paid (note 8)	-	-	-	(1,150,521)	(1,150,521)
Subscription of redeemable units	209,619	2,096,190	1,403,774	-	3,499,964
Redemption of redeemable units	(232,769)	(2,327,690)	(1,546,422)	-	(3,874,112)
Balance at 30 September 2023 (unaudited)	<u>2,170,651</u>	<u>21,706,510</u>	<u>(1,905,949)</u>	<u>16,950,861</u>	<u>36,751,422</u>

The accompanying notes form an integral part of this condensed interim financial information.

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait**

Condensed interim statement of cash flows (unaudited)
for the nine-month period ended 30 September 2024

	Note	Nine-month period ended 30 September	
		2024 USD (unaudited)	2023 USD (unaudited)
Cash flows from operating activities			
Profit for the period		1,525,249	1,586,921
<i>Adjustments:</i>			
Realised loss on investments at fair value through profit or loss, net		501,318	7,520
Unrealised gain on investments at fair value through profit or loss, net		(1,100,799)	(1,098,010)
Foreign exchange loss		104,073	41,747
		<u>1,029,841</u>	<u>538,178</u>
<i>Changes in:</i>			
- investments at fair value through profit or loss		(10,458,127)	981,287
- other receivables		(49,257)	2,021
- other liabilities		(1,044,224)	(384,953)
<i>Net cash flows (used in) / from operating activities</i>		<u>(10,521,767)</u>	<u>1,136,533</u>
Cash flows from financing activities			
Subscription of redeemable units		11,066,220	3,499,964
Redemption of redeemable units		(1,028,842)	(3,874,112)
Dividend paid	8	(1,298,000)	(1,150,521)
<i>Net cash flows from / (used in) financing activities</i>		<u>8,739,378</u>	<u>(1,524,669)</u>
Net change in cash and cash equivalents		(1,782,389)	(388,136)
Cash and cash equivalents at beginning of the period		3,757,802	1,569,473
Cash and cash equivalents at end of the period		<u>1,975,413</u>	<u>1,181,337</u>

The accompanying notes form an integral part of this condensed interim financial information.

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait**

Notes to the condensed interim financial information
for the nine-month period ended 30 September 2024

1. Reporting entity

Watani Gulf Equity Fund (the “Fund”) is an open ended fund established on 18 February 2016 in the State of Kuwait. The Fund is governed under the Law No. 7 of 2010, as amended, pertaining to the establishment of the Capital Markets Authority and the regulation of securities activity.

The Fund is managed by Watani Investment Company K.S.C. (Closed) (“NBK Capital” or the “Fund Manager”) and distribution activities are managed by National Bank of Kuwait S.A.K.P. (“Parent of the Fund Manager”) and custodian activities are managed by Gulf Custody Company K.S.C. (the “Custodian”).

The Fund Manager’s registered office is Watani Investment Company K.S.C. (Closed), P.O. Box No. 4950, Safat 13050, State of Kuwait.

On 23 June 2024, after completion of the requisite regulatory requirements, the Fund manager changed the name of the Fund from Gulf Equity Investment Fund to Watani Gulf Equity Fund.

The Fund’s objective is to achieve absolute returns over the long term by reducing the risk that comes from investing in equity markets of the Gulf Corporation Council (“GCC”) countries. Allocation among the various markets in the GCC will contribute towards achieving this objective, along with investing in money market instruments such as deposits or equivalent in Islamic banks, sukuk or bonds issued or guaranteed by the governments of the GCC, either in Kuwaiti Dinars or any other foreign currency, and also with investing in other investment funds, based on the investment expectations and strategy of the Fund Manager, and by following the investment restrictions mentioned in this Articles of Association, as amended, without these investments conflicting with the rules of the Law 7 of 2010 Executive By-law thereof and its amendments and the resolutions, and instructions.

The duration of the Fund is fifteen years from the date of inception and can be renewed thereafter, for a similar period, on approval by a majority of unit holders and the CMA.

The condensed interim financial information was authorised for issuance by the Fund Manager on 20 October 2024.

2. Basis of preparation

This condensed interim financial information has been prepared in accordance with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the Fund’s latest annual financial statements for the year ended 31 December 2023 (“latest annual financial statements”). This does not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund’s financial position and performance since the latest annual financial statements.

This condensed interim financial information has been presented in US Dollars (“USD”), which is also the functional currency of the Fund.

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait**

Notes to the condensed interim financial information
for the nine-month period ended 30 September 2024

Operating results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the year ending 31 December 2024.

3. Material accounting policies

The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the latest annual financial statements, except for the new standards and interpretations which are effective as of 1 January 2024. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have a material impact on the condensed interim financial information of the Fund.

4. Judgments and estimates

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

The significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those applied to the latest annual financial statements.

5. Cash and cash equivalents

Cash and cash equivalents represent call accounts with local and international financial institutions. Certain cash and cash equivalents are held with a related party (note 12).

6. Investments at fair value through profit or loss

Investments classified as at fair value through profit or loss comprises of quoted equity instruments listed on the GCC stock exchanges and accordingly are classified under Level 1 of the fair value hierarchy (note 14).

7. Other liabilities

	30 September 2024 USD (unaudited)	31 December 2023 USD (audited)	30 September 2023 USD (unaudited)
Management fees payable (note 12)	189,467	139,356	150,537
Incentive fees payable (note 12)	-	152,488	155,218
Subscriptions commission payable (note 12)	25,750	41,185	-
Subscription received in advance	325,380	1,262,500	-
Other payables	91,490	80,782	81,781
	<u>632,087</u>	<u>1,676,311</u>	<u>387,536</u>

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
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Notes to the condensed interim financial information
for the nine-month period ended 30 September 2024

Subscriptions received in advance represents amount received from new subscribers of the Fund. Subscriptions in the Fund takes place by submitting an application to this effect to the Fund Manager or the Selling Agent. Subscription shall be according to the NAV per unit on the relevant valuation day that falls after the submission of the subscription.

8. Unitholders' contributions and unit premium / (deficit)

Unitholders' contributions

At 30 September 2024, the issued and paid up capital of the Fund was 27,392,310 divided into 2,739,231 redeemable units with par value of USD 10 each (31 December 2023: USD 21,888,380 divided into 2,188,838 redeemable units with par value of USD 10 each and 30 September 2023: USD 21,706,510 divided into 2,170,651 redeemable units with par value of USD 10 each).

Unit premium / (deficit)

This represents surpluses / (shortfalls) of the par value on subscriptions / redemption of the Fund's units.

Dividend

On 21 March 2024, the Fund's Executive Committee approved cash dividend of USD 0.500 per unit amounting to USD 1,298,000 for the year ended 31 December 2023 (2023: approved dividend of USD 0.497 per unit amounting to USD 1,150,521 for the year ended 31 December 2022).

9. Net Asset Value per unit

	30 September 2024 (unaudited)	31 December 2023 (audited)	30 September 2023 (unaudited)
Net assets attributable to unit holders (USD)	49,771,980	39,507,353	36,751,422
Outstanding number of redeemable units	2,739,231	2,188,838	2,170,651
Net Asset Value per unit (USD)	18.1701	18.0495	16.9311

10. Management fees

The Fund manager is entitled to a management fee of 1.5% per annum (31 December 2023: 1.5% per annum and 30 September 2023: 1.5% per annum) of the average weekly Net Asset Value of the Fund, payable quarterly in arrears.

11. Custodian, investment controller fee and incentive fees

The Fund has entered into an agreement with Gulf Custody Company K.S.C. to perform the duties of the custodian and investment controller. As per the agreement, the Custodian is paid a fee of 0.0625% (31 December 2023 and 30 September 2023: 0.0625%) of the average weekly Net Asset Value of the Fund per annum up to USD 60 million and 0.05% (31 December 2023 and 30 September 2023: 0.05%) for any amount above USD 60 million, payable quarterly in arrears.

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
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Notes to the condensed interim financial information
for the nine-month period ended 30 September 2024

The Fund Manager is entitled to an incentive fee, calculated at 10% (31 December 2023 and 30 September 2023: 10%) of any positive variance between the return on the Fund and the Index during the financial year, and only if the Fund has yielded a positive return during the year.

12. Related party balances and transactions

Related parties comprise the Fund Manager, Parent of the Fund Manager, major unit holders and companies of which they are principal owners or over which they are able to exercise significant influence. All related party transactions are carried out on terms approved by the Fund Manager.

Balances and transactions with related parties were as follows:

	30 September 2024 USD (unaudited)	31 December 2023 USD (audited)	30 September 2023 USD (unaudited)	
<i>Condensed interim statement of financial position</i>				
Balances with the Parent of the Fund Manager				
Cash and cash equivalents (note 5)	970,170	3,674,114	115,256	
Subscription commission payable (note 7)	25,750	41,185	-	
Balances with the Fund Manager				
Management fees payable (note 7)	189,467	139,356	150,537	
Incentive fees payable (note 7)	-	152,488	155,218	
Other payable	4,414	3,354	-	
Share registrar fees payable	2,809	356	2,774	
	Three-month period ended 30 September		Nine-month period ended 30 September	
	2024	2023	2024	2023
	USD	USD	USD	USD
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Condensed interim statement of profit or loss and other comprehensive income</i>				
Transactions with the Parent of the Fund Manager				
Interest income	8	1	75	15
Share registrar fee	822	819	3,090	3,088
Transactions with the Fund Manager				
Management fees (note 10)	183,681	144,320	524,748	422,559
Incentives fees	-	21,594	-	155,218

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
State of Kuwait**

Notes to the condensed interim financial information
for the nine-month period ended 30 September 2024

The Law No. 7 of 2010, as amended stipulates that participation of the Fund Manager in the units of the Fund must not be less than Kuwaiti Dinars (KD) 100,000 or equivalent. The Fund's Articles of Association, as amended, further stipulates that the Fund Manager may hold a maximum of 75% of the total unitholders' contributions of the Fund at any time.

The numbers of units attributable to the Fund Manager at the reporting date were 120,000 units amounting to USD 2,180,412 (31 December 2023: 120,000 units amounting to USD 2,165,940 and 30 September 2023: 120,000 units amounting to USD 2,031,732) which represented approximately 4.38% (31 December 2023: 5.48% and 30 September 2023: 5.53%) of the issued and paid-up capital of the Fund.

There were no units attributable to the Parent of the Fund Manager at the reporting date (31 December 2023 and 30 September 2023: Nil).

The numbers of units attributable to other related parties at the reporting date were 502,000 units amounting to USD 9,121,390 (31 December 2023: 502,000 units amounting to USD 9,060,849 and 30 September 2023: 502,000 units amounting to USD 8,499,392) which represented approximately 18.33% (31 December 2023: 22.93% and 30 September 2023: 23.13%) of the issued and paid-up capital of the Fund.

13. Financial risk management

All aspects of the Fund's financial risk management objectives and policies are consistent with that disclosed in the latest annual financial statements.

14. Fair value of financial instruments

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

The fair value of the financial assets and liabilities at the reporting date were not significantly different from their carrying value due to the short-term maturities or are repriced immediately based on market movement in interest rates.

Fair value hierarchy

The Fund classifies financial assets into the following three levels based on the significance of inputs used in measuring the fair value of the financial assets:

- 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 (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement due to the of short-term maturities or are repriced immediately based on market movement in interest rates.

**Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
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Notes to the condensed interim financial information
for the nine-month period ended 30 September 2024

Investments classified as at fair value through profit or loss in the condensed interim statement of financial position are based on quoted market prices, therefore, the investments are classified as Level 1 (note 6). There have not been any transfers between levels of the fair value hierarchy during the period.

15. Commitments and contingent liabilities

There are no contingent liabilities outstanding as at 30 September 2024 (31 December 2023 and 30 September 2023: nil).

16. Capital management

The Fund's Articles of Association, as amended, specify the minimum amount of capital that must be held by the Fund, which is in line with the CMA regulations.

The Fund manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

There has been no change in the capital management strategy during the period.

The table below summarises the capital held by the Fund:

	30 September 2024 USD (unaudited)	31 December 2023 USD (audited)	30 September 2023 USD (unaudited)
Unitholders' contributions	27,392,310	21,888,380	21,706,510
Minimum capital requirement	7,000,000	7,000,000	7,000,000