

**Watani USD Money Market 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 USD Money Market Fund**  
**State of Kuwait**

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

The Fund Manager

Watani USD Money Market Fund

State of Kuwait

## Introduction

We have reviewed the accompanying 30 September 2024 condensed interim financial information of Watani USD Money Market 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 USD Money Market Fund**  
**State of Kuwait**

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

		<b>30 September</b>	31 December	30 September
		<b>2024</b>	2023	2023
	Notes	USD	USD	USD
		(unaudited)	(audited)	(unaudited)
<b>Assets</b>				
Cash and cash equivalents	5	<b>182,908,564</b>	217,408,057	266,264,193
Term deposits	6	<b>141,295,195</b>	48,991,470	23,560,785
Wakala deposits	6	<b>28,303,766</b>	62,896,500	3,566,244
Investments carried at amortised cost	7	<b>10,773,145</b>	-	-
Other assets		<b>3,852,725</b>	2,046,890	1,578,219
<b>Total assets</b>		<b><u>367,133,395</u></b>	<u>331,342,917</u>	<u>294,969,441</u>
<b>Liabilities</b>				
Other liabilities	8	<b>4,621,444</b>	3,755,241	2,118,926
<b>Total liabilities</b>		<b><u>4,621,444</u></b>	<u>3,755,241</u>	<u>2,118,926</u>
<b>Net assets attributable to holders of redeemable units</b>		<b><u>362,511,951</u></b>	<u>327,587,676</u>	<u>292,850,515</u>
<b>Represented by:</b>				
Unitholders' contributions	9	<b>302,237,280</b>	283,793,170	257,086,400
Unit premium	9	<b>8,089,272</b>	5,593,712	1,571,490
Retained earnings		<b>52,185,399</b>	38,200,794	34,192,625
<b>Total</b>		<b><u>362,511,951</u></b>	<u>327,587,676</u>	<u>292,850,515</u>
Outstanding number of redeemable units	9	<b>30,223,728</b>	28,379,317	25,708,640
<b>Net Asset Value ("NAV") per unit</b>	10	<b>11.994283</b>	11.543184	11.391132

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

Kuwait Clearing Company S.A.K.  
 In its capacity as Investment Controller

**Watani USD Money Market 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*

	Note	Three-month period ended		Nine-month period ended	
		30 September		30 September	
		2024	2023	2024	2023
		USD	USD	USD	USD
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Income</b>					
Interest income		<b>4,341,775</b>	2,300,020	<b>11,499,282</b>	6,030,121
Wakala income		<b>1,138,734</b>	1,805,594	<b>4,730,337</b>	7,010,657
Amortisation of discount on investments carried at amortised cost		<b>14,549</b>	-	<b>15,289</b>	-
		<b>5,495,058</b>	4,105,614	<b>16,244,908</b>	13,040,778
<b>Expenses</b>					
Management fees	11	<b>(755,722)</b>	(521,068)	<b>(2,187,342)</b>	(1,663,452)
Other expenses		<b>(22,213)</b>	(22,464)	<b>(72,961)</b>	(54,322)
		<b>(777,935)</b>	(543,532)	<b>(2,260,303)</b>	(1,717,774)
<b>Net profit for the period</b>		<b>4,717,123</b>	3,562,082	<b>13,984,605</b>	11,323,004
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>4,717,123</b>	3,562,082	<b>13,984,605</b>	11,323,004

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

**Watani USD Money Market Fund**  
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**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 USD	Retained earnings USD	Total USD
<b>Balance at 1 January 2024 (audited)</b>	<b>28,379,317</b>	<b>283,793,170</b>	<b>5,593,712</b>	<b>38,200,794</b>	<b>327,587,676</b>
Net profit and total comprehensive income for the period	-	-	-	<b>13,984,605</b>	<b>13,984,605</b>
Subscription of redeemable units	<b>23,967,187</b>	<b>239,671,870</b>	<b>41,648,688</b>	-	<b>281,320,558</b>
Redemption of redeemable units	<b>(22,122,776)</b>	<b>(221,227,760)</b>	<b>(39,153,128)</b>	-	<b>(260,380,888)</b>
<b>Balance at 30 September 2024 (unaudited)</b>	<b><u>30,223,728</u></b>	<b><u>302,237,280</u></b>	<b><u>8,089,272</u></b>	<b><u>52,185,399</u></b>	<b><u>362,511,951</u></b>
Balance at 1 January 2023 (audited)	28,355,654	283,556,540	5,169,293	22,869,621	311,595,454
Net profit and total comprehensive income for the period	-	-	-	11,323,004	11,323,004
Subscription of redeemable units	13,620,284	136,202,840	15,713,987	-	151,916,827
Redemption of redeemable units	<b>(16,267,298)</b>	<b>(162,672,980)</b>	<b>(19,311,790)</b>	-	<b>(181,984,770)</b>
Balance at 30 September 2023 (unaudited)	<b><u>25,708,640</u></b>	<b><u>257,086,400</u></b>	<b><u>1,571,490</u></b>	<b><u>34,192,625</u></b>	<b><u>292,850,515</u></b>

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

**Watani USD Money Market 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	2023
		USD	USD
		(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>			
Net profit for the period		13,984,605	11,323,004
<i>Adjustment for:</i>			
Provision for expected credit losses		19,904	2,397
Amortisation of discount on investments carried at amortised cost		(15,289)	-
		<u>13,989,220</u>	<u>11,325,401</u>
<i>Changes in:</i>			
- wakala deposits		34,592,734	(3,566,244)
- term deposits		(92,303,725)	(23,560,785)
- investments carried at amortised cost		(10,757,856)	-
- other assets		(1,805,835)	(36,371)
- other liabilities		846,299	1,755,816
<i>Net cash flows used in operating activities</i>		<u>(55,439,163)</u>	<u>(14,082,183)</u>
<b>Cash flows from financing activities</b>			
Subscription of redeemable units		281,320,558	151,916,827
Redemption of redeemable units		(260,380,888)	(181,984,770)
<i>Net cash flows generated from / (used in) financing activities</i>		<u>20,939,670</u>	<u>(30,067,943)</u>
Net change in cash and cash equivalents		(34,499,493)	(44,150,126)
Cash and cash equivalents at beginning of the period		217,408,057	310,414,319
<b>Cash and cash equivalents at end of the period</b>	5	<u><u>182,908,564</u></u>	<u><u>266,264,193</u></u>

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



# **Watani USD Money Market Fund**

## **State of Kuwait**

### **Notes to the condensed interim financial information (unaudited)** *for the nine-month period ended 30 September 2024*

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#### **1. Reporting entity**

Watani USD Money Market Fund (the “Fund”) is an open-ended fund established on 26 November 2014 in the State of Kuwait. The Fund is governed under Law No. 7 of 2010, as amended, pertaining to the establishment of the Capital Markets Authority (the “CMA”) 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 custodian activities are managed by Kuwait Clearing Company S.A.K. (the “Custodian”). The Fund Manager is a subsidiary of the National Bank of Kuwait S.A.K.P. (“NBK” or the “Parent of the Fund Manager”).

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

The Fund’s objective is to achieve returns higher than the rate of return on fixed deposits in US Dollars. The Fund will seek to increase its net asset value while maintaining a high level of liquidity by investing in diversified and high-quality money market instruments.

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 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”). They do 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 the also functional currency of the Fund.

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.

**Watani USD Money Market Fund**  
**State of Kuwait**

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

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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**

	<b>30 September 2024 USD (unaudited)</b>	31 December 2023 USD (audited)	30 September 2023 USD (unaudited)
Cash at banks	<b>4,312,600</b>	3,490,552	1,895,977
Short-term deposits with original maturities of less than three months	<b>157,252,664</b>	99,154,000	98,661,997
Wakala deposits with original maturities of less than three months	<b>21,343,300</b>	114,763,505	165,706,219
	<b><u>182,908,564</u></b>	<u>217,408,057</u>	<u>266,264,193</u>

Short-term deposits are placed with local financial institutions and carry effective interest rate ranging from 5.17% to 5.72% per annum (31 December 2023: 6.30% per annum and 30 September 2023: from 5.80% to 5.95% per annum). Certain cash at banks are placed with related parties (note 12).

Wakala deposits are placed with a local financial institution and carry a fixed profit rate of 5.40% per annum (31 December 2023: 6.00% to 6.35% and 30 September 2023: 5.70% to 5.95%). Certain short-term wakala deposits are placed with a related party (note 12).

**6. Term deposits and Wakala deposit**

Term deposits with original maturities of more than three months are placed with local financial institutions and carry an effective interest rate of 4.98% to 6.22% (31 December 2023: 6.00% to 6.40% and 30 September 2023: 5.90%) per annum.

Wakala deposits with original maturities of more than three months are placed with a local financial institution and carry effective profit rates of 5.75% to 5.81% (31 December 2023: 5.98% to 6.35% and 30 September 2023: 5.85%) per annum. Certain wakala deposits are placed with a related party (note 12).

**Watani USD Money Market Fund**  
**State of Kuwait**

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

**7. Investments carried at amortised cost**

Investments carried at amortised cost represent the Fund's investment in two corporate bonds which carries an effective interest rate of 5.00% and 2.625%. (31 December 2023 and 30 September 2023: Nil) per annum. The corporate bonds have original maturities of five years and remaining contractual maturity of 7 months and 20 days and 6 months and 14 days respectively.

The fair value of the corporate bonds as at the reporting date is USD 10,724,373 (31 December 2023 and 30 September 2023: Nil), which has been determined using the valuation techniques relevant to Level 1 of the fair value hierarchy.

**8. Other liabilities**

	<b>30 September 2024 USD (unaudited)</b>	31 December 2023 USD (audited)	30 September 2023 USD (unaudited)
Management fees payable (note 12)	<b>244,545</b>	214,864	182,545
Subscriptions received in advance	<b>4,311,310</b>	3,489,500	1,895,000
Other payables	<b>65,589</b>	50,877	41,381
	<b><u>4,621,444</u></b>	<u>3,755,241</u>	<u>2,118,926</u>

Subscriptions received in advance represents the amounts received from new subscribers of the Fund. Subscriptions in the Fund take place by submitting an application to this effect to the Fund Manager or the Selling Agent. Subscriptions are made based on the NAV per unit on the relevant valuation day that falls after the submission of the subscription.

**9. Unitholders' contribution and unit premium**

*Unitholders' contributions*

At 30 September 2024, the issued and paid up capital of the Fund was USD 302,237,280 divided into 30,223,728 redeemable units with par value of USD 10 each (31 December 2023: USD 283,793,170 divided into 28,379,317 redeemable units with par value of USD 10 each and 30 September 2023: USD 257,086,400 divided into 25,708,640 redeemable units with par value of USD 10 each).

*Unit premium*

This represents surpluses on the par value on subscriptions of the Fund's units.

**10. Net Asset Value per unit**

	<b>30 September 2024 (unaudited)</b>	31 December 2023 (audited)	30 September 2023 (unaudited)
Net assets attributable to holders of redeemable units (USD)	<b>362,511,951</b>	327,587,676	292,850,515
Outstanding number of redeemable units	<b>30,223,728</b>	28,379,317	25,708,640
Net Asset Value per unit (USD)	<b>11.994283</b>	11.543184	11.391132

**Watani USD Money Market Fund**  
**State of Kuwait**

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

**11. Management fees**

The Fund Manager is entitled to management fees to a maximum of 1% (31 December 2023: 1% and 30 September 2023: 1%) per annum calculated on the Net Asset Value of the Fund on every valuation day and payable, duly accumulated, at the end of every month.

**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:

	<b>30 September</b>	31 December	30 September
	<b>2024</b>	2023	2023
	<b>USD</b>	USD	USD
	<b>(unaudited)</b>	(audited)	(unaudited)
<i>Condensed interim statement of financial position</i>			
<b>Balances with the Parent of the Fund Manager</b>			
Cash and cash equivalents (note 5)	<b>4,311,928</b>	3,489,943	1,895,428
Other receivables	-	-	-
<b>Balances with the Fund Manager</b>			
Management fees payable (note 8)	<b>244,545</b>	214,864	182,545
Other payable	<b>4,639</b>	3,498	988
<b>Balances with other related parties</b>			
Cash and cash equivalents (note 5)	<b>21,343,441</b>	58	57,847,090
Other receivables	<b>466,415</b>	15,016	361,022
Wakala deposits (note 6)	<b>21,210,866</b>	17,026,450	-
	<b>Three-month period ended</b>	<b>Nine-month period ended</b>	
	<b>30 September</b>	<b>30 September</b>	
	<b>2024</b>	2023	<b>2024</b>
	<b>USD</b>	USD	<b>USD</b>
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>
<i>Condensed interim statement of profit or loss and other comprehensive income</i>			
<b>Transactions with the Parent of the Fund Manager</b>			
Interest income	<b>62,707</b>	964,203	<b>644,151</b>
<b>Transactions with other related parties</b>			
Wakala income	<b>733,753</b>	407,822	<b>1,926,408</b>
Interest income	<b>96,369</b>	-	<b>105,817</b>
<b>Transactions with the Fund Manager</b>			
Management fees (note 11)	<b>755,722</b>	521,068	<b>2,187,342</b>

**Watani USD Money Market Fund**  
**State of Kuwait**

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

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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 694,943 units of USD 8,335,343 (31 December 2023: 694,943 units amounting to USD 8,021,855 and 30 September 2023: 694,943 units amounting to USD 7,916,187) which represented approximately 2.30% (31 December 2023: 2.45% and 30 September 2023: 2.70%) of the issued and paid-up capital of the Fund.

The numbers of units attributable to other related parties at the reporting date were 534,982 units of USD 6,416,726 (31 December 2023: 694,943 units amounting to USD 8,021,855 and 30 September 2023: 694,943 units amounting to USD 7,916,187) which represented approximately 1.77% (31 December 2023 and 30 September 2023: Nil) of the issued and paid-up capital of the Fund.

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

**13. Financial risk management policies**

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 of 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.

There have been no transfers between levels of the fair value hierarchy during the period.

**Watani USD Money Market Fund**  
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**Notes to the condensed interim financial information (unaudited)**  
*for the nine-month period ended 30 September 2024*

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**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 management strategy during the period.

The table below summarises the capital held by the Fund:

	<b>30 September 2024 USD (unaudited)</b>	31 December 2023 USD (audited)	30 September 2023 USD (unaudited)
Unitholders' contributions	<b>302,237,280</b>	283,793,170	257,086,400
Minimum capital requirement	<b>7,000,000</b>	7,000,000	7,000,000