

**Watani KD Money Market Fund According to
Islamic Shariah Principles II
State of Kuwait**

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

Watani KD Money Market Fund According to Islamic Shariah Principles II
State of Kuwait

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

The Fund Manager

Watani KD Money Market Fund According to Islamic Shariah Principles II
State of Kuwait

Introduction

We have reviewed the accompanying 30 September 2024 condensed interim financial information of Watani KD Money Market Fund According to Islamic Shariah Principles II (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.

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Member firm of KPMG International

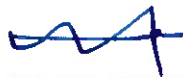
Kuwait: 20 October 2024

**Watani KD Money Market Fund According to Islamic Shariah Principles II
State of Kuwait**

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

		30 September 2024	31 December 2023	30 September 2023
	Notes	KD	KD	KD
		(unaudited)	(audited)	(unaudited)
Assets				
Cash and cash equivalents	5	59,441,564	86,831,584	130,545,858
Wakala deposits	6	76,918,670	32,706,200	-
Financial assets carried at fair value through profit or loss	7	16,470,825	-	-
Other receivables		971,349	553,060	484,154
Total assets		<u>153,802,408</u>	<u>120,090,844</u>	<u>131,030,012</u>
Liabilities				
Other liabilities	8	261,099	407,471	114,646
Total liabilities		<u>261,099</u>	<u>407,471</u>	<u>114,646</u>
Net assets attributable to holders of redeemable units		<u>153,541,309</u>	<u>119,683,373</u>	<u>130,915,366</u>
Represented by:				
Unitholders' contributions	9	128,500,101	102,768,656	113,491,590
Unit premium / (deficit)	9	3,842,344	(759,113)	902,147
Retained earnings		21,198,864	17,673,830	16,521,629
Total unit holders' fund		<u>153,541,309</u>	<u>119,683,373</u>	<u>130,915,366</u>
Outstanding number of redeemable units	9	128,500,101	102,768,656	113,491,590
Net Asset Value ("NAV") per unit	10	1.194873	1.164590	1.153525

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 KD Money Market Fund According to Islamic Shariah Principles II
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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
		KD	KD	KD	KD
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income					
Investment income		1,423,934	1,469,660	4,382,067	5,075,474
Unrealised gain on financial assets carried at fair value through profit or loss		16,677	-	16,677	-
		1,440,611	1,469,660	4,398,744	5,075,474
Expenses					
Management fees	11	(300,143)	(282,257)	(829,024)	(875,258)
Other expenses		(14,483)	(6,893)	(44,686)	(38,069)
		(314,626)	(289,150)	(873,710)	(913,327)
Net profit for the period		1,125,985	1,180,510	3,525,034	4,162,147
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		1,125,985	1,180,510	3,525,034	4,162,147

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

Watani KD Money Market Fund According to Islamic Shariah Principles II
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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 KD	Unit (deficit) / premium KD	Retained earnings KD	Total KD
Balance at 1 January 2024 (audited)	102,768,656	102,768,656	(759,113)	17,673,830	119,683,373
Net profit and total comprehensive income for the period	-	-	-	3,525,034	3,525,034
Subscription of redeemable units	72,637,604	72,637,604	13,079,811	-	85,717,415
Redemption of redeemable units	(46,906,159)	(46,906,159)	(8,478,354)	-	(55,384,513)
Balance at 30 September 2024 (unaudited)	<u>128,500,101</u>	<u>128,500,101</u>	<u>3,842,344</u>	<u>21,198,864</u>	<u>153,541,309</u>
Balance at 1 January 2023 (audited)	123,821,365	123,821,365	2,646,673	12,359,482	138,827,520
Net profit and total comprehensive income for the period	-	-	-	4,162,147	4,162,147
Subscription of redeemable units	66,009,401	66,009,401	8,879,730	-	74,889,131
Redemption of redeemable units	(76,339,176)	(76,339,176)	(10,624,256)	-	(86,963,432)
Balance at 30 September 2023 (unaudited)	<u>113,491,590</u>	<u>113,491,590</u>	<u>902,147</u>	<u>16,521,629</u>	<u>130,915,366</u>

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

**Watani KD Money Market Fund According to Islamic Shariah Principles II
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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
		KD	KD
		(unaudited)	(unaudited)
Cash flows from operating activities			
Net profit for the period		3,525,034	4,162,147
<i>Adjustment</i>			
Provision for / (reversal of) expected credit losses		1,352	(5,182)
Unrealised gain on financial assets carried at fair value through profit or loss		(16,677)	-
		<u>3,509,709</u>	<u>4,156,965</u>
<i>Changes in:</i>			
- wakala deposits		(44,212,470)	-
- financial assets carried at fair value through profit or loss		(16,454,148)	-
- other receivables		(418,289)	168,020
- other liabilities		(147,724)	(561,463)
<i>Net cash flows (used in) / from operating activities</i>		<u>(57,722,922)</u>	<u>3,763,522</u>
Cash flows from financing activities			
Subscription of redeemable units		85,717,415	74,889,131
Redemption of redeemable units		(55,384,513)	(86,963,432)
<i>Net cash flows from / (used in) financing activities</i>		<u>30,332,902</u>	<u>(12,074,301)</u>
Net change in cash and cash equivalents		(27,390,020)	(8,310,779)
Cash and cash equivalents at beginning of the period		86,831,584	138,856,637
Cash and cash equivalents at end of the period	5	<u><u>59,441,564</u></u>	<u><u>130,545,858</u></u>

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

Watani KD Money Market Fund According to Islamic Shariah Principles II State of Kuwait

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

1. Reporting entity

Watani KD Money Market Fund According to Islamic Shariah Principles II (the “Fund”) is an open-ended fund established on 1 July 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 4950, Safat 13050, State of Kuwait.

The objective of the Fund is to achieve competitive returns by investing in short and medium-term financial instruments that are compliant with the Islamic Shariah principles and are available in the financial market, such as the instruments arising from Murabaha operations. The Fund may invest in other investment funds whose investment objectives are similar to those of the Fund and that are compliant with the Islamic Shariah principles to the extent that they do not conflict with the investment methods and policies specified in the Articles of Association, as amended, of the Fund. All the instruments in which the Fund will invest should comply with the provisions of Islamic Shariah principles as determined by the Fund’s External Shariah Audit Office. The Fund will seek to maximise its net asset value while maintaining a high level of liquidity by investing in high-quality instruments. The instruments in which the fund invests is denominated in Kuwaiti Dinar and the Fund has the right to invest in instruments denominated in other currencies.

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”). They do not include all of 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 Kuwaiti Dinars (“KD”), which is also the 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.

Watani KD Money Market Fund According to Islamic Shariah Principles II State of Kuwait

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

	30 September 2024 KD (unaudited)	31 December 2023 KD (audited)	30 September 2023 KD (unaudited)
Cash at bank	140,159	305,604	183
Wakala deposits with original maturities of less than three months	59,301,405	86,525,980	130,545,675
	59,441,564	86,831,584	130,545,858

Short term deposits with original maturities of less than three months are placed with local financial institutions and carry a fixed profit rate ranging from 2.00% to 3.88% per annum (31 December 2023: 4.6% to 5.15% and 30 September 2023: 4.10% to 4.50% per annum). Certain cash at banks and short-term wakala deposits are placed with related parties (note 12).

6. Wakala deposits

Wakala deposits are placed with a local financial institution, with original maturity of more than three months, and carry a fixed profit rate ranging from 3.00% to 4.25% per annum (31 December 2023: 4.85% to 5.15% and 30 September 2023: nil per annum). Certain wakala deposits are placed with a related party (note 12).

7. Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss represent investment in Shariah compliant money market funds. Certain investment in financial assets carried at fair value through profit or loss are issued by a related party (note 12).

The fair value of the assets as at the reporting date is has been determined using the valuation techniques relevant to Level 1 of the fair value hierarchy.

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

8. Other liabilities

	30 September 2024 KD (unaudited)	31 December 2023 KD (audited)	30 September 2023 KD (unaudited)
Management fees payable (note 12)	99,341	80,026	87,490
Subscriptions received in advance	140,000	305,300	-
Other payables	21,758	22,145	27,156
	<u>261,099</u>	<u>407,471</u>	<u>114,646</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 / (deficit)

Unitholders' contributions

As at 30 September 2024, the issued and paid up unit capital of the Fund was KD 128,500,101 divided into 128,500,101 redeemable units with par value of KD 1 each (31 December 2023: KD 102,768,656 divided into 102,768,656 redeemable units with par value of KD 1 each and 30 September 2023: KD 113,491,590 divided into 113,491,590 redeemable units with par value of KD 1 each).

Unit premium / (deficit)

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

10. Net Asset Value per unit

	30 September 2024 (unaudited)	31 December 2023 (audited)	30 September 2023 (unaudited)
Net assets attributable to holders of redeemable unit (KD)	153,541,309	119,683,373	130,915,366
Number of units outstanding	128,500,101	102,768,656	113,491,590
Net asset value per unit (KD)	1.194873	1.164590	1.153525

11. Management fees

The Fund Manager is entitled to a management fee to a maximum of 1% (31 December 2023 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 of 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.

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State of Kuwait**

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

Balances and transactions with related parties were as follows:

	30 September 2024 KD (unaudited)	31 December 2023 KD (audited)	30 September 2023 KD (unaudited)
<i>Condensed interim statement of financial position</i>			
Balances with the Parent of the Fund Manager			
Cash and cash equivalents	140,037	305,357	28
Balances with the Fund Manager			
Management fees payable (note 8)	99,341	80,026	87,490
Other payables	1,452	1,150	2,375
Balances with other related party			
Cash and cash equivalents	15,400,755	35,225,977	50,722,030
Financial assets carried at fair value through profit or loss (note 7)	13,468,680	-	-
Wakala deposits (note 6)	8,529,314	32,706,200	-
Other receivables	56,417	336,290	282,433
	Three-month period ended 30 September		Nine-month period ended 30 September
	2024	2023	2024
	KD	KD	KD
	(unaudited)	(unaudited)	(unaudited)
<i>Condensed interim statement of profit or loss and other comprehensive income</i>			
Transactions with other related party			
Investment income	711,568	628,509	1,143,423
Transactions with the Fund Manager			
Management fees	300,143	282,257	829,024

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 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 568,110 units amounting to KD 678,819 (31 December 2023: 568,110 units amounting to KD 661,615 and 30 September 2023: 568,110 units amounting to KD 655,329) which represented approximately 0.44% (31 December 2023: 0.55% and 30 September 2023: 0.50%) 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).

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

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 profit 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.

The fair value of investments in financial assets at FVTPL i.e., listed open-ended investment fund is determined based on the quoted prices in an active market available at the measurement date.

There have been no 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 management strategy during the period.

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

The table below summarises the capital held by the Fund:

	30 September 2024 KD (unaudited)	31 December 2023 KD (audited)	30 September 2023 KD (unaudited)
Unitholders' contributions	128,500,101	102,768,656	113,491,590
Minimum capital requirement	2,000,000	2,000,000	5,000,000