

**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 three-month period
ended 31 March 2025**

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 31 March 2025 condensed interim financial information of Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund) (the "Fund") for the three-month period ended 31 March 2025, which comprises the condensed interim statement of financial position as at 31 March 2025, the condensed interim statements of profit or loss and other comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the three-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 31 March 2025 condensed interim financial information for the three-month period ended 31 March 2025 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 three-month period ended 31 March 2025 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: 22 April 2025

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

Condensed interim statement of financial position (unaudited)
as at 31 March 2025

	Notes	31 March 2025 USD (unaudited)	31 December 2024 USD (audited)	31 March 2024 USD (unaudited)
Assets				
Cash and cash equivalents	5	3,651,397	1,427,813	4,017,764
Investments at fair value through profit or loss	6	52,885,231	52,385,237	42,915,788
Other receivables		819,747	116,865	246,236
Total assets		<u>57,356,375</u>	<u>53,929,915</u>	<u>47,179,788</u>
Liabilities				
Other liabilities	7	328,573	443,840	451,872
Total liabilities		<u>328,573</u>	<u>443,840</u>	<u>451,872</u>
Net assets attributable to holders of redeemable units		<u>57,027,802</u>	<u>53,486,075</u>	<u>46,727,916</u>
Represented by:				
Unitholders' contributions	8	29,469,210	28,755,630	26,076,790
Unit premium	8	4,646,398	3,984,845	1,951,082
Retained earnings		22,912,194	20,745,600	18,700,044
Total		<u>57,027,802</u>	<u>53,486,075</u>	<u>46,727,916</u>
Outstanding number of redeemable units	8	2,946,921	2,875,563	2,607,679
Net Asset Value ("NAV") per unit	9	19.3517	18.6002	17.9194



Wafani 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

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

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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 period ended 31 March 2025

	Notes	Three-month period ended 31 March	
		2025 USD (unaudited)	2024 USD (unaudited)
Income			
Realised gain on investments at fair value through profit or loss, net		164,358	289,496
Unrealised gain on investments at fair value through profit or loss, net		1,507,465	193,820
Dividend income		711,305	553,196
Interest income		13	39
		2,383,141	1,036,551
Expenses			
Management fees	10	(207,338)	(168,755)
Custodian and investment controller fees	11	(17,278)	(14,062)
Incentive fees	11	-	(26,015)
Foreign exchange gain / (loss)		27,368	(49,474)
Other operating expenses		(19,299)	(14,342)
		(216,547)	(272,648)
Profit for the period		2,166,594	763,903
Other comprehensive income		-	-
Total comprehensive income for the period		2,166,594	763,903

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 net assets attributable to holders of redeemable units (unaudited)
for the three-month period ended 31 March 2025

	Outstanding number of redeemable units	Unitholders' contributions USD	Unit premium USD	Retained earnings USD	Total USD
Balance at 1 January 2025 (audited)	2,875,563	28,755,630	3,984,845	20,745,600	53,486,075
Net profit and total comprehensive income for the period	-	-	-	2,166,594	2,166,594
Subscription of redeemable units	78,856	788,560	730,079	-	1,518,639
Redemption of redeemable units	(7,498)	(74,980)	(68,526)	-	(143,506)
Balance at 31 March 2025 (unaudited)	<u>2,946,921</u>	<u>29,469,210</u>	<u>4,646,398</u>	<u>22,912,194</u>	<u>57,027,802</u>
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	-	-	-	763,903	763,903
Dividend paid (note 8)	-	-	-	(1,298,000)	(1,298,000)
Subscription of redeemable units	422,029	4,220,290	3,594,382	-	7,814,672
Redemption of redeemable units	(3,188)	(31,880)	(28,132)	-	(60,012)
Balance at 31 March 2024 (unaudited)	<u>2,607,679</u>	<u>26,076,790</u>	<u>1,951,082</u>	<u>18,700,044</u>	<u>46,727,916</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 three-month period ended 31 March 2025

	Note	Three-month period ended	
		31 March	
		2025	2024
		USD	USD
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit for the period		2,166,594	763,903
<i>Adjustments:</i>			
Realised gain on investments at fair value through profit or loss, net		(164,358)	(289,496)
Unrealised gain on investments at fair value through profit or loss, net		(1,507,465)	(193,820)
Foreign exchange (gain) / loss		(27,368)	49,474
		<u>467,403</u>	<u>330,061</u>
<i>Changes in:</i>			
- investments at fair value through profit or loss		1,199,197	(5,068,125)
- other receivables		(702,882)	(234,195)
- other liabilities		(115,267)	(1,224,439)
<i>Net cash flows from / (used in) operating activities</i>		<u>848,451</u>	<u>(6,196,698)</u>
Cash flows from financing activities			
Subscription of redeemable units		1,518,639	7,814,672
Redemption of redeemable units		(143,506)	(60,012)
Dividend paid	8	-	(1,298,000)
<i>Net cash flows from financing activities</i>		<u>1,375,133</u>	<u>6,456,660</u>
Net change in cash and cash equivalents		2,223,584	259,962
Cash and cash equivalents at beginning of the period		1,427,813	3,757,802
Cash and cash equivalents at end of the period		<u>3,651,397</u>	<u>4,017,764</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 three-month period ended 31 March 2025

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 (the “CMA”) and the regulation of securities activity.

The Fund is managed by Watani Investment Company K.S.C. (Closed) (“NBK Wealth” 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. (Closed) (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, as amended, 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 22 April 2025.

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 2024 (“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)
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Notes to the condensed interim financial information
for the three-month period ended 31 March 2025

Operating results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025.

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 2025. 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 2025, 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 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

	31 March 2025 USD (unaudited)	31 December 2024 USD (audited)	31 March 2024 USD (unaudited)
Management fees payable (note 12)	207,338	199,817	168,755
Incentive fees payable (note 12)	-	11,482	26,015
Subscriptions commission payable (note 12)	25,377	41,976	113,700
Subscription received in advance*	-	102,000	51,000
Other payables	95,858	88,565	92,402
	<u>328,573</u>	<u>443,840</u>	<u>451,872</u>

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Notes to the condensed interim financial information
for the three-month period ended 31 March 2025

*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

Unitholders' contributions

As at 31 March 2025, the issued and paid-up unit capital of the Fund was USD 29,469,210 divided into 2,946,921 redeemable units with par value of USD 10 each (31 December 2024: USD 28,755,630 divided into 2,875,563 redeemable units with par value of USD 10 each and 31 March 2024: USD 26,076,790 divided into 2,607,679 redeemable units with par value of USD 10 each.

Unit premium

This represents surpluses 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.

9. Net Asset Value per unit

	31 March 2025 (unaudited)	31 December 2024 (audited)	31 March 2024 (unaudited)
Net assets attributable to unit holders (USD)	57,027,802	53,486,075	46,727,916
Outstanding number of redeemable units	2,946,921	2,875,563	2,607,679
Net Asset Value per unit (USD)	19.3517	18.6002	17.9194

10. Management fees

The Fund manager is entitled to a management fee of 1.5% per annum (31 December 2024: 1.5% per annum and 31 March 2024: 1.5% per annum) of the average weekly Net Asset Value of the Fund, payable quarterly in arrears (note 12).

11. Custodian, investment controller fee and incentive fees

The Fund has entered into an agreement with Gulf Custody Company K.S.C. (Closed) 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 2024 and 31 March 2024: 0.0625%) of the average weekly Net Asset Value of the Fund per annum up to USD 60 million and 0.05% (31 December 2024 and 31 March 2024: 0.05%) for any amount above USD 60 million, payable quarterly in arrears.

The Fund Manager is entitled to an incentive fee, calculated at 10% (31 December 2024 and 31 March 2024: 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.

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

**Notes to the condensed interim financial information
for the three-month period ended 31 March 2025**

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:

	31 March 2025 USD (unaudited)	31 December 2024 USD (audited)	31 March 2024 USD (unaudited)
<i>Condensed interim statement of financial position</i>			
Balances with the Parent of the Fund Manager			
Cash and cash equivalents (note 5)	1,758,819	1,311,488	459,684
Subscription commission payable (note 7)	25,377	41,976	113,700
Balances with the Fund Manager			
Management fees payable (note 7)	207,338	199,817	168,755
Incentive fees payable (note 7)	-	11,482	26,015
Other payable	4,634	188	8,253
Share registrar fees payable	-	-	1,163
		Three-month period ended 31 March	
		2025	2024
		USD	USD
		(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		13	39
Share registrar fee		803	1,459
Transactions with the Fund Manager			
Management fees (note 10)		207,338	168,755
Incentives fees		-	26,015

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 2,322,204 (31 December 2024: 120,000 units amounting to USD 2,232,024 and 31 March 2024: 120,000 units amounting to USD 2,150,322), which represented approximately 4.07% (31 December 2024: 4.17% and 31 March 2024: 4.60%) of the issued and paid-up capital of the Fund.

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State of Kuwait**

Notes to the condensed interim financial information
for the three-month period ended 31 March 2025

There were no units attributable to the Parent of the Fund Manager at the reporting date (31 December 2024 and 31 March 2024: Nil).

The number of units attributable to other related parties at the reporting date were 557,826 units amounting to USD 10,794,881 (31 December 2024: 562,002 units amounting to USD 10,453,350 and 31 March 2024: 502,000 units amounting to USD 8,995,514) which represented approximately 18.93% (31 December 2024: 19.54% and 31 March 2024: 19.25%) 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.

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 31 March 2025 (31 December 2024 and 31 March 2024: nil).

Watani Gulf Equity Fund (Formerly known as Gulf Equity Investment Fund)
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Notes to the condensed interim financial information
for the three-month period ended 31 March 2025

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:

	31 March 2025 USD (unaudited)	31 December 2024 USD (audited)	31 March 2024 USD (unaudited)
Unitholders' contributions	29,469,210	28,755,630	26,076,790
Minimum capital requirement	7,000,000	7,000,000	7,000,000