

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

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

Introduction

We have reviewed the accompanying 31 March 2025 condensed interim financial information of Watani USD Money Market Fund According to Islamic Shariah Principles II (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 USD Money Market Fund According to Islamic Shariah Principles II
State of Kuwait**

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

	Note	31 March 2025 USD (unaudited)	31 December 2024 USD (audited)	31 March 2024 USD (unaudited)
Assets				
Cash and cash equivalents	5	32,641,874	53,182,305	78,060,767
Wakala deposits	6	70,408,493	89,146,980	55,085,849
Investments carried at amortised cost	7	1,002,533	6,084,285	1,005,721
Other receivables		1,131,777	946,064	770,089
Total assets		105,184,677	149,359,634	134,922,426
Liabilities				
Other liabilities	8	239,212	2,637,997	399,486
Total liabilities		239,212	2,637,997	399,486
Net assets attributable to holders of redeemable units		104,945,465	146,721,637	134,522,940
Represented by:				
Unitholders' contributions	9	88,081,330	124,431,120	118,195,420
Unit premium	9	2,570,960	9,227,961	8,209,695
Retained earnings		14,293,175	13,062,556	8,117,825
Total		104,945,465	146,721,637	134,522,940
Outstanding number of redeemable units	9	8,808,133	12,443,112	11,819,542
Net Asset Value ("NAV") per unit	10	11.914609	11.791394	11.381400



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

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

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

**Condensed interim statement of profit or loss and other comprehensive income (unaudited)
for the three-month period ended 31 March 2025**

	Note	Three-month period ended 31 March	
		2025 USD	2024 USD
Income			
Wakala income		1,433,472	1,925,165
Income on investment carried at amortised cost		24,863	7,375
Amortisation of discount / (premium) on investments carried at amortised cost		18,248	(795)
		<u>1,476,583</u>	<u>1,931,745</u>
Expenses			
Management fees	12	(232,857)	(262,836)
Other expenses		(13,107)	(15,925)
		<u>(245,964)</u>	<u>(278,761)</u>
Net profit for the period		1,230,619	1,652,984
Other comprehensive income		-	-
Total comprehensive income for the period		<u>1,230,619</u>	<u>1,652,984</u>

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

Watani USD Money Market Fund According to Islamic Shariah Principles II
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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)	12,443,112	124,431,120	9,227,961	13,062,556	146,721,637
Profit and total comprehensive income for the period	-	-	-	1,230,619	1,230,619
Subscription of redeemable units	1,742,466	17,424,660	3,239,888	-	20,664,548
Redemption of redeemable units	(5,377,445)	(53,774,450)	(9,896,889)	-	(63,671,339)
Balance at 31 March 2025 (unaudited)	<u>8,808,133</u>	<u>88,081,330</u>	<u>2,570,960</u>	<u>14,293,175</u>	<u>104,945,465</u>
Balance at 1 January 2024 (audited)	11,868,966	118,689,660	8,251,882	6,464,841	133,406,383
Profit and total comprehensive income for the period	-	-	-	1,652,984	1,652,984
Subscription of redeemable units	5,911,441	59,114,410	7,773,289	-	66,887,699
Redemption of redeemable units	(5,960,865)	(59,608,650)	(7,815,476)	-	(67,424,126)
Balance at 31 March 2024 (unaudited)	<u>11,819,542</u>	<u>118,195,420</u>	<u>8,209,695</u>	<u>8,117,825</u>	<u>134,522,940</u>

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

**Watani USD Money Market Fund According to Islamic Shariah Principles II
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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
Cash flows from operating activities			
Net profit for the period		1,230,619	1,652,984
<i>Adjustment for:</i>			
Reversal of allowance for expected credit losses		(2,428)	(318)
Amortisation of (discount) / premium on investment carried at amortised cost		(18,248)	795
		<u>1,209,943</u>	<u>1,653,461</u>
<i>Changes in:</i>			
- wakala deposits		18,738,487	(42,739,404)
- investment carried at amortised cost		5,100,000	-
- other receivables		(185,713)	84,144
- other liabilities		(2,396,357)	238,275
<i>Net cash flows from / (used in) operating activities</i>		<u>22,466,360</u>	<u>(40,763,524)</u>
Cash flows from financing activities			
Subscription of redeemable units		20,664,548	66,887,699
Redemption of redeemable units		(63,671,339)	(67,424,126)
<i>Net cash flows used in financing activities</i>		<u>(43,006,791)</u>	<u>(536,427)</u>
Net change in cash and cash equivalents		(20,540,431)	(41,299,951)
Cash and cash equivalents at beginning of the period		53,182,305	119,360,718
Cash and cash equivalents at end of the period	5	<u>32,641,874</u>	<u>78,060,767</u>

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

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

Condensed interim statement of cash flows (unaudited)

for the three-month period ended 31 March 2025

1. Reporting entity

Watani USD Money Market Fund According to Islamic Shariah Principles II (the “Fund”) is an open-ended fund established on 21 July 2015 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 Wealth” 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 objective of the Fund is to achieve competitive returns by investing in short and medium term money market financial instruments that are compliant with the Islamic Shariah and are available in the financial market where they have low risk and high liquidity, such as the instruments arising from murabaha operations (involvement in this activity does not result in any direct or indirect financing). 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 to the extent that they do not conflict with the investment methods and policies specified in Article 25 of the Articles of Association, as amended. All the instruments in which the Fund will invest in should comply with the provisions of Islamic Shariah 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 will invest in are denominated in US Dollars. 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.

This 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 (the “latest annual financial statements”). This does not include all of the information required for a complete set of financial statements prepared in accordance 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.

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

**Watani USD Money Market Fund According to Islamic Shariah Principles II
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Notes to the condensed interim financial information (unaudited)
for the three-month period ended 31 March 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

	31 March 2025 USD (unaudited)	31 December 2024 USD (audited)	31 March 2024 USD (unaudited)
Cash at bank	148,824	2,520,955	280,333
Wakala deposits with original maturity of less than three months	32,493,050	50,661,350	77,780,434
	<u>32,641,874</u>	<u>53,182,305</u>	<u>78,060,767</u>

Certain cash at bank balances are placed with related parties (note 11).

Wakala deposits are placed with a local financial institution, a related party (note 11) and carry an effective profit rate ranging from 4.50% to 4.70% (31 December 2024: 4.80% to 5.40% and 31 March 2024: 5.40% to 5.82%) per annum.

6. Wakala deposits

Wakala deposits with original maturities of more than three months and less than one year are placed with a local financial institution, a related party (note 11) and carry an effective profit rate of 4.70% to 5.35% (31 December 2024: 4.85% to 5.45% and 31 March 2024: 5.55% and 5.87%) per annum.

7. Investment carried at amortised cost

Investment carried at amortised cost is investment in a corporate sukuk which carries an effective profit rate of 2.95% (31 December 2024: 2.59% and 2.95% and 31 March 2024: 2.95% per annum). The corporate sukuk has an original maturity of five years and remaining contractual maturity of nine months and twenty-one days.

**Watani USD Money Market Fund According to Islamic Shariah Principles II
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Notes to the condensed interim financial information (unaudited)
for the three-month period ended 31 March 2025

The fair value of the corporate sukuk as at the reporting date is USD 988,300 (31 December 2024: USD 6,048,843 and 31 March 2024: USD 959,380), which has been determined using the valuation techniques relevant to Level 1 of the fair value hierarchy.

8. Other liabilities

	31 March 2025 USD (unaudited)	31 December 2024 USD (audited)	31 March 2024 USD (unaudited)
Subscriptions received in advance*	147,750	2,519,770	279,400
Management fees payable (note 11)	69,280	97,183	90,168
Other payables	22,182	21,044	29,918
	<u>239,212</u>	<u>2,637,997</u>	<u>399,486</u>

*Subscriptions received in advance represent amounts received from new subscribers of the Fund. Subscriptions in the Fund takes place by submitting an application to the Fund Manager or the selling agent. Subscriptions shall be made according to the NAV per unit on the relevant valuation day that falls after the submission of the subscription.

9. Unit holders' fund

Unitholders' contributions

At 31 March 2025, the issued and paid-up capital of the Fund was USD 88,081,330 divided into 8,808,133 redeemable units with par value of USD 10 each (31 December 2024: USD 124,431,120 divided into 12,443,112 redeemable units with par value of USD 10 each and 31 March 2024: USD 118,195,420 divided into 11,819,542 redeemable units with par value of USD 10 each).

Unit premium

This represents surplus of the par value on subscriptions / redemption of Fund's units.

10. NAV per unit

	31 March 2025 (unaudited)	31 December 2024 (audited)	31 March 2024 (unaudited)
Net assets attributable to unit holders (USD)	104,945,465	146,721,637	134,522,940
Number of units outstanding	8,808,133	12,443,112	11,819,542
Net asset value per unit (USD)	11.914609	11.791394	11.381400

11. 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.

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

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 (unaudited)</i>			
Balances with the Parent of the Fund Manager			
Cash and cash equivalents (note 5)	148,150	2,520,316	279,751
Balances with the Fund Manager			
Management fees payable (note 8)	69,280	97,183	90,168
Other payable	5,563	694	8,615
Balances with other related parties			
Cash and cash equivalents (note 5)	27,493,233	25,618,231	41,385,940
Wakala deposits (note 5 & 6)	44,015,100	70,821,487	19,900,484
Other receivables	729,409	705,109	292,037

**Three-month period ended
31 March**

2025 USD (unaudited)	2024 USD (unaudited)
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Condensed interim statement of profit or loss and other comprehensive income (unaudited)

Transactions with the Fund Manager

Management fees (note 12)	232,857	262,836
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Transactions with the other related party

Wakala income	932,476	600,673
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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 number of units attributable to the Fund Manager at the reporting date were 100,901 units amounting to USD 1,202,196 (31 December 2024: 100,901 units amounting to USD 1,189,763 and 31 March 2024: 100,901 units amounting to USD 1,148,395) which represented approximately 1.15% (31 December 2024: 0.81% and 31 March 2024: 0.85%) 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 2024 and 31 March 2024: nil).

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

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

The numbers of units attributable to other related parties at the reporting date were 364,608 units amounting to USD 4,344,162 (31 December 2024: 329,772 units amounting to USD 3,888,472 and 31 March 2024: 122,436 units amounting to USD 1,393,493) which represented approximately 4.14% (31 December 2024: 2.65% and 31 March 2024: 1.04%) of the total unitholders' contributions of the Fund.

12. Management fees

The Fund Manager is entitled to management fees to a maximum of 1% (31 December 2024 and 31 March 2024: 1%) per annum calculated based on the Net Asset Value of the Fund on every valuation day and payable duly accumulated at the end of every month.

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.

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

15. Contingent liabilities

There are no contingent liabilities outstanding as at 31 March 2025 (31 December 2024 and 31 March 2024: nil).

16. Capital management

The Fund's Articles of Association, as amended, specifies 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.

**Watani USD Money Market Fund According to Islamic Shariah Principles II
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Notes to the condensed interim financial information (unaudited)
for the three-month period ended 31 March 2025

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' contribution	88,081,330	124,431,120	118,195,420
Minimum capital requirement	7,000,000	7,000,000	7,000,000